

A G E N D A

UTAH BOARD OF WATER RESOURCES

State Capitol East Complex
Olmstead Room
Salt Lake City, Utah

December 4, 2008

9:30 a.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES - October 2, 2008
- III. CHAIR'S REPORT
- IV. FEASIBILITY REPORTS
 - L563 Garland City
 - L564 Park City Municipal Corp.
 - E248 Muddy Creek Irr. Co.
- V. COMMITMENT OF FUNDS
 - E238 Hooper Irr. Co.
 - E242 Gunnison Fayette Canal Co.
 - L560 Brigham City
- VI. SPECIAL ITEMS
 - E251 North Union Irr. Co.
(Feasibility & Comm. of Funds)
 - E246 Deep Water Distribution Co.
(Withdrawal)
- VII. FLAMING GORGE WATER RIGHTS
 - 92-638, 5075, 3750 Gunnison Butte Mutual
 - 92-633 Eastside High Ditch Co.
 - 01-1144 WW Water Co.
 - 97-2220 Boulder Farmstead Water Co.
 - 05-2992 Wilson Arch Water & Sewer Co.
 - 92-645 SITLA
 - 97-2280 Garfield County School Dist.
 - 41-3487, 3523 Uintah WCD
 - 41-3530 Duchesne County WCD
- VIII. LAKE POWELL PIPELINE UPDATE AND ACTION
- IX. BEAR RIVER DEVELOPMENT UPDATE
- X. DIRECTOR'S REPORT
 - Approval of 2009 Board Meeting Schedule
- XI. ADJOURNMENT

BRIEFING MEETING AGENDA

UTAH BOARD OF WATER RESOURCES

State Capitol East Complex
Olmstead Room
Salt Lake City, Utah

December 4, 2008

8:00 a.m.

- | | | |
|------|----------------------------|------------------|
| I. | WELCOME/CHAIR'S REPORT | Chairman Francis |
| II. | DISCUSSION OF PROJECTS | Board/Staff |
| III. | FLAMING GORGE WATER RIGHTS | |
| IV. | OTHER ITEMS | |

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status
December 4, 2008

Funds Available for Projects This FY	\$	1,568,000
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Projects Contracted This FY

1 Glenwood Irr Co	E221		\$	128,000
2 Kaysville Irr Co	C037	** Loan		738,000
3 Rocky Ford Irr Co (Amend)	E213			57,900
4 Whispering Pines Water Co	E237			153,000
5 Enterprise Res & Canal Co(Upper Enterprise)	C036	** Grant		855,000
6 Enterprise Res & Canal Co(Upper Enterprise)	C036	** Loan		45,000
7 Kays Creek Irr Co	E235			192,000
8 Rocky Ford Irr Co (Rocky Ford Dam-Amend)	C010	** Grant		43,700

Total Funds Contracted	\$	2,213,000
Funds Balance	\$	(645,000)

Projects with Funds Committed

1 Sevier Valley Cnl Co	E197		\$	195,500
2 South Cove Culinary Water Co	E222			66,000
3 Weber Basin WCD (Smith & Morehouse)	C038	** Grant		304,000
* 4 Gunnison Fayette Canal Co	E242			130,000
* 5 North Union Irr Co	E251			204,000

Total Funds Committed	\$	900,000
Funds Balance	\$	(1,545,000)

Projects Authorized

1 Old Meadow Ranchos C&W Co	E210		\$	68,000
2 Grave Yard Irr Co	E204			19,500
3 New Escalante Irr Co	E077			300,000
4 Horseshoe Irr Co	E243			340,850

Total Funds Authorized	\$	728,000
Remaining Funds Available	# \$	(2,273,000)

* To be presented at Board Meeting
** Dam Safety Projects

End of year balance if all listed projects were fully paid

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status December 4, 2008

Funds Available for Projects This FY	\$	6,215,000
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Bonds Closed This FY

1 Deweyville, Town of (Re-committal)	L557	\$	520,000	
Total Bonds Closed		\$		520,000
Funds Balance		\$		5,695,000

Projects with Funds Committed

1 None		\$	-	
Total Funds Committed		\$		-
Funds Balance		\$		5,695,000

Projects Authorized

1 Honeyville City	L562	\$	320,000	
* 2 Garland City	L563		850,000	
Total Funds Authorized		\$		1,170,000
Remaining Funds Available		#	\$	4,525,000

* To be presented at Board Meeting

End of year balance if all listed projects were fully paid

BOARD OF WATER RESOURCES

Conservation & Development Fund

Funding Status December 4, 2008

Funds Available for Projects This FY	\$	26,180,000
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Projects Contracted/Bonds Closed This FY

1 Wayne County (Re-committal)	E219	\$ 1,346,000
2 South Weber Irr Co (Amend)	E208	71,000
3 Garfield County School Dist	E220	459,000
4 Davis & Weber Counties Cnl Co(Cnl Rehab)	E123R6	3,200,000
5 Davis & Weber Counties Cnl Co(Amend)	E215R5	850,000

Total Funds Contracted/Closed	\$	5,926,000
Funds Balance	\$	20,254,000

Projects with Funds Committed

1 Lake Creek Irr Co (Ph 1)	E102	\$ 22,500
2 Saratoga Springs City (Bond Ins Grant)	E218	117,000
3 West Bountiful City (Bond Ins Grant)	L561	92,000
4 Cub River Irr Co	E233	1,600,000
5 Bell Canyon Irr Co	E245	540,000
* 6 Hooper Irr Co	E238	4,770,000
* 7 Brigham City	L560	6,000,000

Total Funds Committed	\$	13,142,000
Funds Balance	\$	7,112,000

Projects Authorized

1 Strawberry High Line Canal Co	D976	\$ 3,187,000
2 Richland Nonprofit Water Co	E087	335,000
3 Lake Creek Irr Co (Ph 2)	E102	300,000
4 Provo River Water Users Association	E177	60,000,000
5 Whiterocks Irr Co	E084	4,955,000
6 Central Utah W C D	E205	60,000,000
7 Weber Basin WCD (Ph 2+)	E225	56,035,000
8 Brooklyn Canal Co	E223	1,000,000
9 St George & Washington Canal Co	E129	2,450,000
10 Mapleton City	E232	1,900,000
11 Uintah Water Conservancy Dist	E212	4,370,000
12 Davis & Weber Counties Cnl Co(Cnl Rehab)	E123	14,648,000
13 Settlement Canyon Irr Co (Phase 1)	E240	891,400
14 Settlement Canyon Irr Co (Phase 2)	E240	552,500
* 15 Muddy Creek Irr Co	E248	625,000
* 16 Park City Municipal Corp	L564	28,200,000

Total Funds Authorized	\$	239,449,000
Remaining Funds Available	# \$	(232,337,000)

* To be presented at Board Meeting

End of year balance if all listed projects were fully paid

BOARD OF WATER RESOURCES

December 4, 2008

ADDITIONAL ACTIVE PROJECTS			Fund	Est. Board Cost		Total Cost
Projects Under Investigation						
1	Woodruff Irrigating Co	D680	C&D	\$	600,000	\$ 800,000
2	Kane County WCD	D828	C&D		1,500,000	2,000,000
3	Keith Johnson	D996	RCF		37,500	50,000
4	Hyrum Blacksmith Fork Irr Co	E047	C&D		1,230,000	1,640,000
5	Mayfield Irr Co	E067	RCF		187,500	250,000
6	East Juab County WCD	E071	C&D		375,000	500,000
7	Ferron Canal & Res Co	E082	C&D		2,625,000	3,500,000
8	Weber-Box Elder Conservation Dist	E113	C&D		9,750,000	13,000,000
9	Parowan City (Bond Ins Grant)	E121	C&D		34,000	2,034,000
10	Cottonwood Creek Consolidated Irr Co	E125	C&D		3,750,000	5,000,000
11	Fremont Irr Co	E131	C&D		1,500,000	2,000,000
12	Grantsville Irr Co	E150	C&D		321,000	428,000
13	Vernon Irr Co	E158	RCF		37,500	50,000
14	Kingston Irr Water Co	E169	RCF		85,000	240,000
15	Greenwich Water Works Co	E171	RCF		112,500	250,000
16	Bullion Creek Irr Co	E172	RCF		75,000	100,000
17	Fountain Green Irr Co (Flow Augment)	E186	RCF		75,000	100,000
18	San Juan WCD	E198	C&D		3,000,000	4,000,000
19	Midvale City	L556	C&D		7,125,000	9,500,000
20	Wallsburg Irr Co	E203	RCF		90,000	120,000
21	Leota Irr Co, Inc	E207	C&D		2,800,000	3,500,000
22	Corinne City	E216	C&D		80,000	100,000
23	West Field Irr Co	E217	RCF		68,000	85,000
24	Devil's Pass Water Co	E226	RCF		157,500	210,000
25	Thompson Ditch Co	E227	RCF		142,500	190,000
26	Barton-LeFevre-Tebbs Co	E229	RCF		487,500	650,000
27	Moroni Irr Co	E231	C&D		3,997,500	5,330,000
28	Blue Creek Irr Co	E239	RCF		37,500	50,000
29	West Bountiful City	L561	CWL		2,625,000	3,500,000
30	Beaver/ Shingle Creek Irr Co	E241	RCF		400,000	800,000
31	Monroe South Bend Canal Co	E247	RCF		287,250	383,000
*	32 West Corinne Water Co	E249	C&D		2,733,750	3,645,000
*	33 Oakley City	E250	C&D		4,987,500	6,650,000
*	34 Midvalley Estates Water Co	E252	C&D		375,000	500,000
*	35 Kane County WCD	E253	C&D		3,345,000	4,460,000
*	36 Pine Valley Irr Co	E254	C&D		625,500	834,000
Subtotal				\$	55,659,500	\$ 76,449,000

* New Application

BOARD OF WATER RESOURCES

December 4, 2008

Additional Authorized or Committed Projects

1 Davis & Weber Counties Cnl Co (Secondary)	D674	C&D	\$ 2,590,000	\$ 3,047,000
2 Weber Basin WCD (Secondary Irr, Ph 3-5)	E029	C&D	28,369,000	33,375,000
3 Hooper Irr Co (Press Irr, Ph 4)	E060	C&D	<u>11,033,000</u>	<u>12,980,000</u>
Subtotal			\$ 41,992,000	\$ 49,402,000
TOTAL ADDITIONAL PROJECTS			\$ 97,651,500	\$ 125,851,000

INACTIVE PROJECTS

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Central Utah WCD (Prepay FY98,99,00)	D960

BOARD OF WATER RESOURCES

Feasibility Report

Cities Water Loan Fund

Appl. No.: **L-563**

Received: 8/19/08

Approved: 10/2/08

To be Presented at the December 4, 2008 Board Meeting

SPONSOR: **GARLAND CITY**

Mayor: Richard Owen

LOCATION: The proposed project is located around Garland City, about two miles north of Tremonton in Box Elder County.

EXISTING CONDITIONS & PROBLEMS: Garland City presently serves culinary water to 794 connections for about 2,000 residents. The system is supplied by two springs, with water stored in two tanks of 1.4 million gallons total capacity.

The average home is on a 1/3-acre lot, with about 1/3 of the lot being lawn and garden. There is no secondary irrigation system in the area; the sponsor provides all indoor and outdoor water.

The sponsor has experienced significant residential growth in the last five years and anticipates additional future growth. The increased culinary water demands have strained the sponsor's existing transmission lines and storage facilities. Existing fire flows are inadequate and need to be brought up to standard. In addition, the sponsor's 6-inch, 50-year-old, cast-iron spring transmission pipeline is undersized, leaks, and needs to be replaced.

The culinary system is rated "approved" by the Division of Drinking Water, although a recent Drinking Water survey recommended the sponsor increase its storage capacity.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to install a 500,000 gallon tank and about 2.5 miles of 10-inch PVC transmission pipeline from

the Garland Springs pump station, which will improve fire protection and allow for new growth.

Hansen and Associates in Brigham City has been retained to complete the design, prepare construction plans and specifications, and perform construction engineering and inspection.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE: The following cost estimate is based on the engineer's cost estimate and contains revisions by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	500,000 Gal. Tank	LS	\$325,000	\$ 325,000
2.	Excavation & Backfill	LS	25,000	25,000
3.	Site Waterline	LS	30,000	30,000
4.	10-inch PVC Pipe	13,260 LF	22	291,720
5.	Pipe Bedding	1,000 LF	10	10,000
6.	Directional Bore	550 LF	120	66,000
7.	Air Valves & Fittings	LS	27,500	27,500
8.	Sampling Station	LS	4,500	4,500
9.	Asphalt Repair	200 SY	80	16,000
Construction Cost				\$ 795,720
Contingencies				79,580
Legal and Administrative				29,700
Design and Construction Engineering				95,000
TOTAL				\$1,000,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 850,000	85%
Sponsor	150,000	15
TOTAL	\$1,000,000	100%

If the board authorizes the project, it is suggested it be purchased at 4% interest over 10 years with annual payments of approximately \$117,450 (includes reserves).

FINANCIAL
FEASIBILITY:

Based on the board's water affordability guideline, Garland residents could pay up to \$41.39 per month for water service. The cost of water with the proposed project, based on 821 connections when the first annual payment is due, is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Operation & Maintenance	\$119,162	\$12.10
Proposed BWRe Loan	<u>117,450</u>	<u>11.92</u>
TOTAL	\$236,612	\$24.02

BENEFITS:

Construction of the project will allow for more fire flow, provide extra storage for growth, and eliminate undersized and worn-out pipeline.

PROJECT
SPONSOR:

Garland City was incorporated in 1890. The city was named after William Garland, who started the sugar beet industry in the area. The Garland sugar refinery was one of the last U&I sugar refineries to close. The sponsor has had two previous projects with the board for construction of a one million gallon tank and pipelines; both loans have been repaid. The Governor's Office of Planning and Budget projects a 1.72% growth rate for the city through 2030.

WATER RIGHTS
& SUPPLY:

The sponsor's water supply comes entirely from springs about ten and twelve miles east of Garland, next to the Bear River.

The sponsor owns the following water rights:

<u>WR Num.</u>	<u>Amount (cfs)</u>	<u>Source</u>
29-1147	1.56	Unnamed Spring
29-1371	0.56	Unnamed Spring
29-1015	1.0	Unnamed Spring
29-532	0.334	Garland Spring Tunnel

The sponsor's total water right is 3.454 cfs.

EASEMENTS:

All construction will take place in existing easements owned by the sponsor.

ENVIRONMENTAL:

No long-term disturbance to the environment is expected. The sponsor will obtain a stream alteration permit if required.

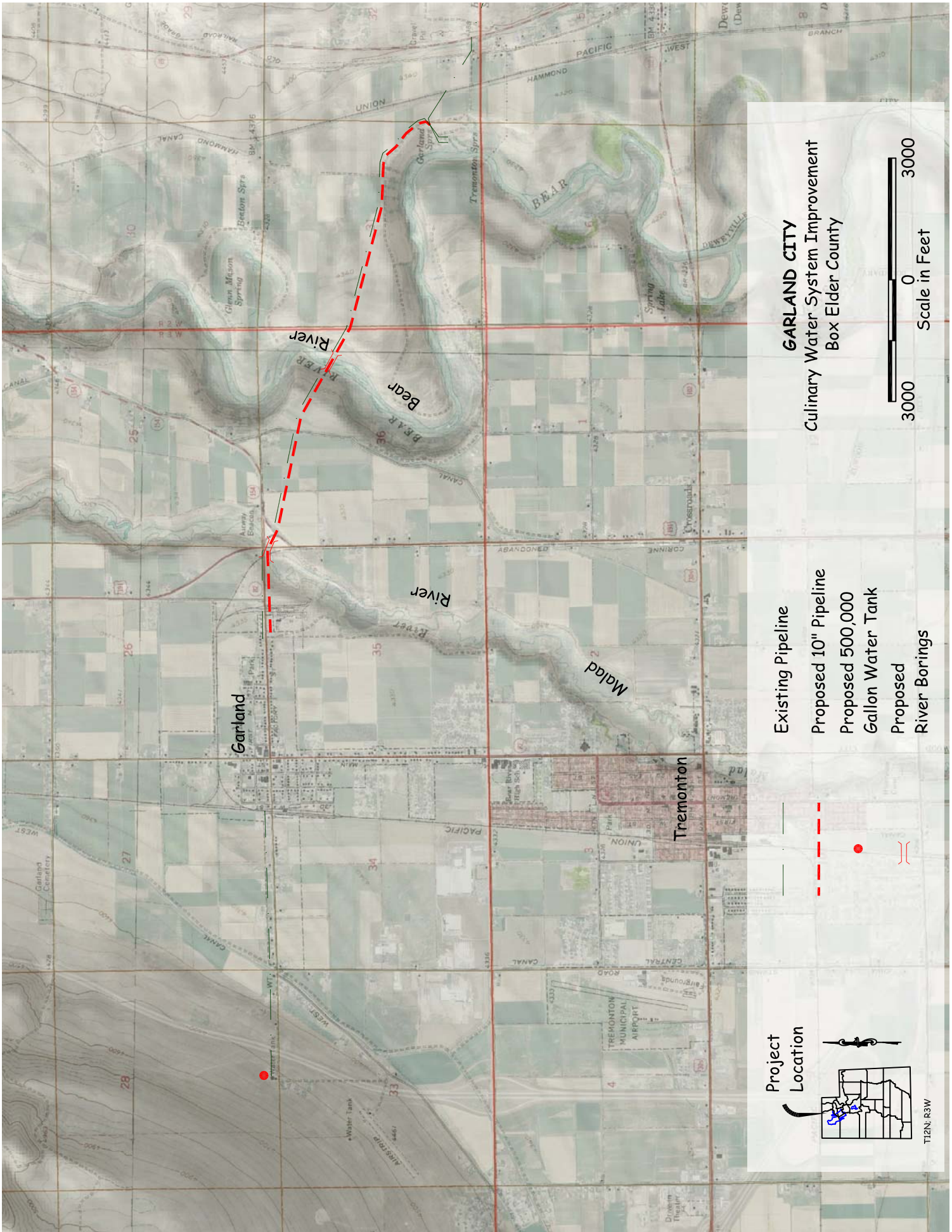
WATER
CONSERVATION: The sponsor will be required to submit a water conservation and management plan as a requirement for board funding. The sponsor will also be required to have an ordinance restricting outside watering between 10:00 a.m. and 6:00 p.m. Staff recommends the sponsor implement a progressive water rate structure.

SPONSOR'S
RESPONSIBILITIES: The city will be required to make all arrangements to sell the board a non-voted revenue bond as well as verify it has adequate water rights and rights-of-way to construct the project. If the project is authorized, a list of requirements and procedures necessary to close the loan will be furnished to the city.

PROJECT
CONTACT
PEOPLE: Mayor: Richard Owen
75 North Main
Garland, UT 84312
Phone: 435-257-3118

City Water Councilman: William Bishop
75 North Main
Garland, UT 84312
Phone: 435-257-3737

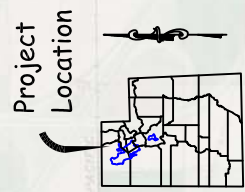
Engineer: Chris Wight
Hansen & Associates
538 North Main
Brigham City, UT 84302
Phone: 435-723-3491



GARLAND CITY
Culinary Water System Improvement
Box Elder County



- Existing Pipeline
- Proposed 10" Pipeline
- Proposed 500,000 Gallon Water Tank
- Proposed River Borings



T12N: R3W

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **L-564**

Received: 10/15/08

Approved: 12/4/08

To be Presented at the December 4, 2008 Board Meeting

SPONSOR: **PARK CITY MUNICIPAL CORPORATION**

Mayor: Dana Williams

LOCATION: The proposed project is located in and around Park City in Summit County.

EXISTING CONDITIONS & PROBLEMS: The sponsor delivers about 5,000 acre-feet to nearly 5,100 connections (4,300 single family, 300 multi-family, and 500 commercial) in its service area. It operates and maintains about 120 miles of pipeline, 19 tanks, and 25 pump stations.

Water is supplied from three wells, a spring, and two tunnels, as well as 1,000 acre-feet/year leased from both Jordanelle Special Service District (JSSD) and Salt Lake City.

The sponsor needs to upgrade its capacity and facilities in conjunction with its capital improvement plan (CIP) due to ongoing growth and aging infrastructure.

Beginning this year the sponsor will lease 2,500 acre-feet/year from Weber Basin Water Conservancy District (WBWCD). The sponsor has paid WBWCD \$125,000/year for several years to "reserve" the 2,500 acre-feet. The water will be diverted from the Weber River through WBWCD's intake structure to Mountain Regional Water Special Service District's (MRWSSD) Signal Hill Pond through MRWSSD's pipeline from Rockport Dam. The introduction of surface water to the sponsor's system creates a need for a water treatment plant.

In addition, an average of nearly 350 acre-feet is lost to spillage from the Judge Tunnel source.

Currently, when the storage tank at this source is full or the water is turbid due to tunnel maintenance, the water is released into a ditch and lost from the system.

PROPOSED
PROJECT:

The sponsor is requesting financial assistance from the board to make improvements to its culinary and raw water systems as indicated in its CIP. These improvements will be constructed over the next several years and include:

A. Park City Water Infrastructure Project (PCWIP): MRWSSD recently completed a project to connect the Signal Hill Pond to its wells and WBWCD's intake structure at Rockport Dam. The pond will be connected to the sponsor's proposed water treatment plant. This project will include raw water lines between the following locations: Signal Hill Pond to Water Treatment Plant; Water Treatment Plant to Park City Heights Tank; Wyatt Earp to Park Meadows Golf Course; Water Treatment Plant to Wyatt Earp; and Wyatt Earp to Park City Golf Course.

A 1.5 MG raw water tank will be constructed at Park City Heights and a 1.0 MG raw water tank will be constructed near the Park City Golf Course.

B. Water Treatment Plant: A three million gallon/day (MGD) water treatment plant will be constructed at Quinn's Junction. The plant will be expandable to nine MGD. It will include a smaller, temporary treatment facility to allow water treatment for the coming year.

C. Quinn's Junction Transmission Lines: From the water treatment plant, culinary pipelines will be installed to Quinn's Recreation Complex to Wyatt Earp. The proposed Park City Heights 0.5 MG culinary water tank will be upgraded to 1.0 MG by the sponsor.

D. Judge Tunnel Project: Pipelines will be installed between the following locations: Judge Tunnel Portal to Park City Golf Course; Wyatt Earp to Park City Golf Course; and Wyatt Earp to the proposed water treatment plant. The water treatment plant will also be expanded from 3 MGD to 4 MGD to allow for treatment of the Judge Tunnel water.

E. Meter Radio Read System: The current meter read system will be upgraded to an automatic system. This will include upgraded meters at every connection.

F. Boothill Transmission Line: A pipeline will be installed to connect the Boothill Pump Station to the Woodside Tank.

G. Miscellaneous Master Plan Projects: Several projects are planned over the next four years to upgrade and replace existing pipeline.

Technical assistance is being provided by a number of different consulting firms.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE: The following cost estimate is based on the sponsor's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u> <u>Price</u>	<u>Amount</u>
A. PCWIP				
	1 MG Tank	LS	\$1,000,000	\$ 1,000,000
	1.5 MG Tank	LS	1,500,000	1,500,000
	<u>Pipelines *</u>			
	Pond to Water Treatment Plant (WTP)	29,500 LF	182	5,369,000
	WTP to Park City Heights Tank	5,900 LF	100	590,000
	Wyatt Earp to Park Meadows Golf Course	3,200 LF	90	288,000
	Water Treatment Plant to Wyatt Earp	4,400 LF	100	440,000
	Wyatt Earp to Park City Golf Course	10,500 LF	140	1,470,000
B. Water Treatment Plant				
	3MG Treatment Plant	LS	7,150,000	7,150,000
C. Quinn's Junction Transmission Lines				
	PC Heights Tank Upgrade	LS	1,050,000	1,050,000
	<u>Pipelines *</u>			
	Water Treatment Plant to Wyatt Earp	4,400 LF	100	440,000
	WTP to Recreation Complex	4,300 LF	100	430,000
D. Judge Tunnel Project				
	Water Treatment Plant Upgrade	LS	500,000	500,000
	<u>Pipelines *</u>			
	Tunnel Portal to Park City Golf Course	15,000 LF	100	1,500,000

Wyatt Earp to Park City Golf Course	10,500 LF	123	1,291,500
Wyatt Earp to Water Treatment Plant	4,400 LF	100	440,000
E. Meter Radio Read System			
Meter Upgrade	5,100 EA	315	1,606,500
F. Boothill Transmission Line			
Pump Station to Woodside Tank	5,000 LF	220	1,100,000
G. Miscellaneous Master Plan Projects			
Anticipated Pipeline*	LS	1,835,000	<u>1,835,000</u>
Construction Cost			\$28,000,000
Contingencies @ 17%			4,800,000
Legal and Administrative			200,000
Design and Construction Engineering			<u>3,500,000</u>
TOTAL			\$36,500,000

* Due to the preliminary nature of the project, the pipe sizes are not all known at this time; however, it is estimated they will range between 12-inch and 20-inch. Pipe material will be HDPE or ductile iron.

COST SHARING & REPAYMENT: The recommended cost sharing and repayment for the entire project is:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
BWRe/ Bond Market	\$28,200,000	77%
Sponsor	<u>8,300,000</u>	<u>23</u>
TOTAL	\$36,500,000	100%

There are several projects that will be constructed over several years. The sponsor has divided funding for these projects into fiscal year plans. The cost sharing breakdown has been estimated for each fiscal year, as follows:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
<u>2009</u>		
BWRe/Bond Market	\$ 8,200,000	76%
Sponsor	<u>2,600,000</u>	<u>24</u>
TOTAL	\$10,800,000	100%
<u>2010</u>		
BWRe/Bond Market	\$10,300,000	75%
Sponsor	<u>3,400,000</u>	<u>25</u>
TOTAL	\$13,700,000	100%
<u>2011</u>		
BWRe/Bond Market	\$ 4,800,000	79%
Sponsor	<u>1,300,000</u>	<u>21</u>
TOTAL	\$ 6,100,000	100%

2012

BWRe/Bond Market	\$ 4,900,000	83%
Sponsor	<u>1,000,000</u>	<u>17</u>
TOTAL	\$ 5,900,000	100%

If the board authorizes the project, it is suggested it participate in an interest rate buy-down with the sponsor to buy the market rate down to an effective rate of 4.0%, and the interest rate buy down assistance from the board be repaid at 0% interest. Due to the complexity and large scope of the project, it is further suggested the repayment period and annual payments for each part of the project be determined at the time funds are committed, with the entire project being paid off in 20 years and each separate bond being paid off in 15 or 16 years. At those times, interest rate buy-downs will be recommended based on the availability of board funds and other factors.

At a rate of 5.65% for a market bond, to buy down the entire project to an effective rate of 4.0% the board would need to lend the sponsor a total of approximately \$10,500,000.

ECONOMIC
FEASIBILITY:

This project is economically feasible if the cost of the best alternative exceeds the cost of the proposed project. A recent study by the Bureau of Reclamation identified several alternative ways for bringing additional water supplies to municipal water providers in the Snyderville Basin, including Park City. The alternative for bringing additional water to Park City was identified and has been constructed, bringing additional water to Signal Hill Pond (owned by MRWSSD) at the Promontory Development. The current project is planned to bring water from the pond to Park City for delivery to its customers. Park City has entered into a take-or-pay contract with WBWCD for this water and currently pays WBWCD and MRWSSD an annual total of approximately \$688,000 for the right to use this water and have it delivered to the pond from Rockport Dam. As there are no logical alternative ways for delivering Park City's committed water, the benefit/cost ratio is assumed to be 1.0.

FINANCIAL
FEASIBILITY:

Affordability based on the median adjusted gross income for the sponsor's area has been calculated as \$57.95/connection/month. However, many of the sponsor's multi-family residential connections are used as vacation rentals. Currently, the average charge/connection/month by the sponsor is:

Single family residences	\$ 65.30
Multi-family residences	\$346.56
Commercial	\$349.33
All connections	\$112.67

A rate increase of 24% was recently put into place. An additional 15% water rate increase is planned for next year, with more increases anticipated after that.

Based on this information and discussions with the sponsor, in order to repay the board, market loan, and other current debts on the system, the sponsor's repayments will be well over the board's affordability guideline for the sponsor.

BENEFITS: The proposed projects will allow the treatment and delivery of additional culinary and raw water within the sponsor's rapidly developing service area. It will also provide source redundancy as it will provide a connection to MRWSSD.

The expanded capacity, additional pipeline, and treatment plant will also allow the sponsor to treat and/or store an average of nearly 350 acre-feet from the Judge Tunnel that is currently released from the system due to inefficient storage or water quality.

PROJECT SPONSOR: Park City was originally a mining town and was incorporated in 1884. The sponsor has received financial assistance from the board on two previous occasions: in 1975 the board loaned \$150,000 for the upgrade of the Anchor (Judge) Tunnel pipeline, and in 1991 the board loaned approximately \$2.5 million to construct a treatment plant and 1 MG tank. Both of these loans have been repaid.

WATER RIGHTS & SUPPLY: The sponsor has numerous water rights, and leases 1,000 acre-feet from both Salt Lake City and JSSD.

EASEMENTS: Some of the proposed work will be done in the sponsor's existing easements or road rights-of-way. The pipeline alignment from Signal Hill Pond to the Rail Trail will need an easement from the Promontory Development and an easement will be needed from Utah Division of Parks & Recreation for the pipeline alignment along the Rail Trail. A road will be crossed near the proposed location of the water

treatment plant that will require an easement from the Utah Department of Transportation.

ENVIRONMENTAL: No long-term environmental impacts are foreseen due to the proposed construction.

An environmental document has been completed for the PCWIP portion of the project that follows the outline of the Federal Environmental Assessment (EA) process. An EA will be conducted for the Judge Tunnel portion of the project. A stream alteration permit will be needed for all crossings of Silver Creek, and a Soils Management Plan will be submitted to Summit County for the County Soils Overlay Zone. A wetlands permit will also be required from the Army Corps of Engineers.

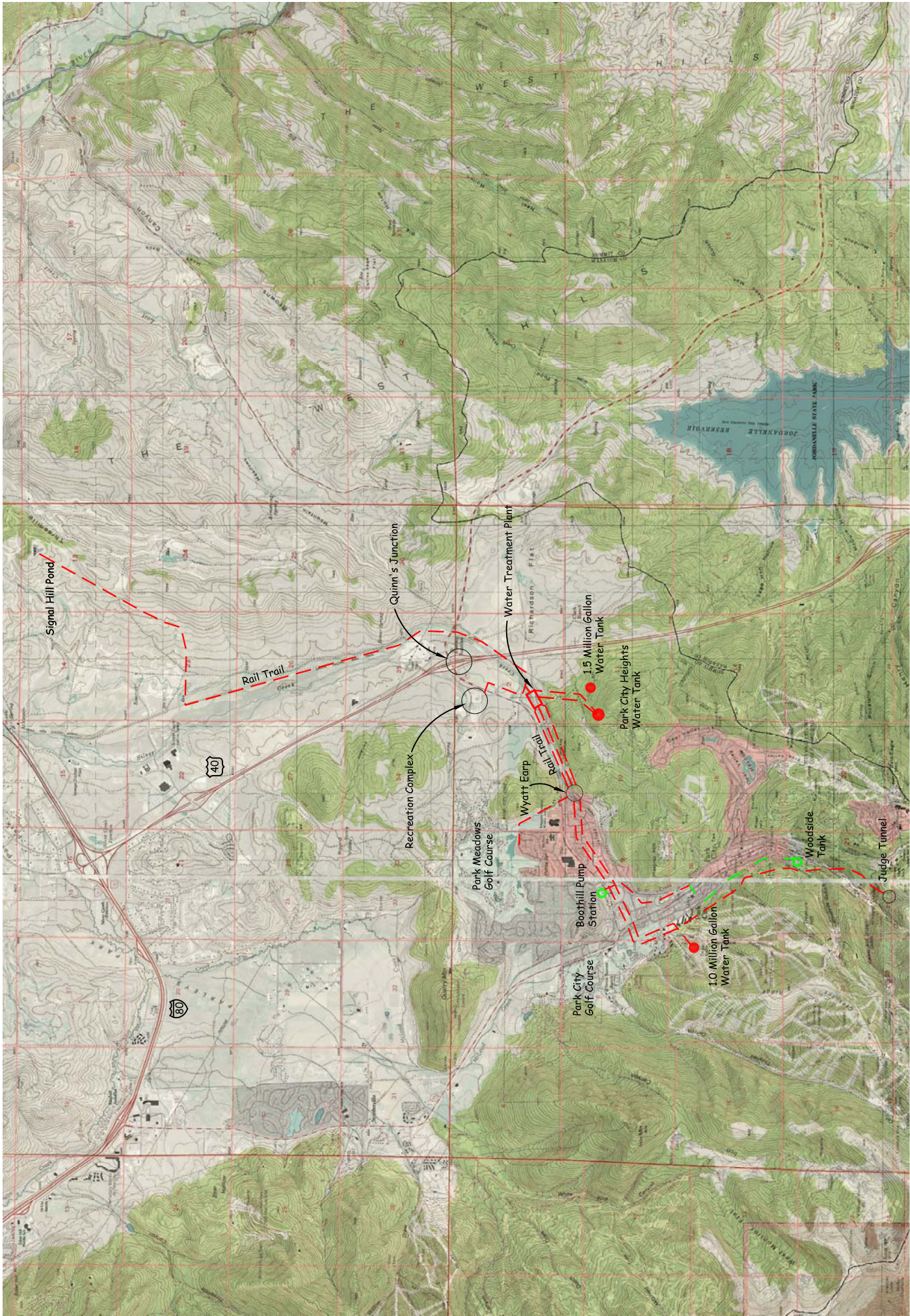
WATER
CONSERVATION: The sponsor has enacted water conservation measures such as prohibiting daytime watering between 10:00 a.m. and 7:00 p.m. The sponsor has also completed a Water Management and Conservation Plan, which will need to be updated prior to committal of funds.

An annual average of approximately 350 acre-feet will be developed from the Judge Tunnel supply that is currently lost from the system due to insufficient storage or high turbidity levels.

SPONSOR'S
RESPONSIBILITIES: If the board authorizes the proposed project, it will be designed, have funds committed, and be built in phases planned by fiscal years. The sponsor will need to complete several items prior to committal of funds for any one phase. These items will be outlined for the sponsor prior to committal of funds.

PROJECT
CONTACT
PEOPLE: Mayor: Dana Williams
P.O. Box 1480
Park City, UT 84060-1480
Phone: 435-615-5010

Water Manager: Kathy Lundborg, P.E.
1053 Iron Horse Drive
P.O. Box 1480
Park City, UT 84060-1480
Phone: 435-615-5332



Project Location

Scale in Feet

0 6000

Existing Facilities

Existing Pipeline

Proposed Facilities

Proposed Pipelines

Water Treatment Plant

PARK CITY MUNICIPAL CORPORATION

Water Infrastructure Projects

Summit County

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-248**
Received: 8/20/08
Approved: 10/2/08

To be Presented at the December 4, 2008 Board Meeting

SPONSOR: **MUDDY CREEK IRRIGATION COMPANY**

President: Morris Sorensen

LOCATION: The proposed project is located approximately three miles north of Emery Town in Emery County.

EXISTING CONDITIONS & PROBLEMS: The sponsor operates a diversion structure on Muddy Creek and delivers water to approximately 7,800 acres in and around Emery Town. Approximately 2,400 acres around the town are sprinkle irrigated and 5,400 acres are flood irrigated. The water is heavily laden with sediment, which tends to fill canals, ditches, and pipes. The sponsor also delivers water to the town, which uses settling ponds to remove about 300 cubic yards of sediment each year.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to replace its existing diversion structure on Muddy Creek with a new structure incorporating sedimentation basins. Design and construction engineering will be performed by Johansen & Tuttle Engineering Inc.

The project fits in Prioritization Category 4 (Projects which will receive a large portion of their funding from other sources).

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Excavation	3,250 CY	\$ 10	\$ 32,500
2.	Reinforced Concrete	763 CY	800	610,400
3.	Radial Sluice Gate	LS	100,000	100,000
4.	Traveling Screen	LS	130,000	130,000
5.	Rip-Rap	200 CY	35	7,000
6.	24" Waterman Gates	6 EA	5,000	30,000
7.	24" HDPE Pipe	100 LF	50	5,000
8.	60" HDPE Pipe	2,800 LF	245	686,000
Construction Cost				\$1,600,900
Contingencies				160,100
Legal and Administrative				15,000
Design and Construction Engineering				224,000
Temporary Reimbursement Funds*				200,000
TOTAL				\$2,200,000

*Note: It is anticipated the sponsor will need approximately \$200,000 in temporary funding to begin construction before reimbursement funds are received from the Army Corps of Engineers (Corps)(60-day lapse). The contract will require that this funding be returned to the board when the first payment is due.

**COST SHARING
& REPAYMENT:**

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Army Corps of Engineers	\$1,500,000	68.2%
Board of Water Resources	625,000	28.4
Sponsor	75,000	3.4
TOTAL	\$2,200,000	100%

If the board authorizes the project, it is suggested it be purchased at 1% interest over 22 years with the first payment being \$222,000 and all remaining annual payments being approximately \$22,000 thereafter.

The sponsor requests its cost sharing be lowered to \$50,000, or 10% of the non-grant amount. The first payment would be \$223,000 and all remaining annual payments would be approximately \$23,000 at 1% interest over 22 years.

**ECONOMIC
FEASIBILITY:**

Approximately 70% of the funding for this project comes from a grant from the Corps. The proposed project will not develop any additional water but is the first step toward establishing a system-wide

sprinkle irrigation system in the future. There is not a feasible alternative available to achieve a similar outcome. Benefits are therefore considered equal to costs, giving the project a benefit/cost ratio of 1.0.

FINANCIAL
FEASIBILITY:

The annual cost-per-acre to return the board assistance for this project is approximately \$3.00, which is in line with other projects developing no water. Assessments are currently \$6.50 per share. With the proposed project in place, assessments would increase to \$10.50 per share, which the sponsor feels would be manageable.

BENEFITS:

This project is a crucial first step toward improving operation of the existing irrigation system and possible future expansion of the sprinkle irrigation system. The project would also eliminate sediment problems currently facing all users of the system.

PROJECT
SPONSOR:

The Muddy Creek Irrigation Company has been operating since 1886, was incorporated in 1964, and is presently registered in good standing with the state Department of Commerce. The company serves approximately 200 stockholders owning 5,700 shares and irrigating 7,800 acres. Each share represents four acre-feet, irrigating one acre of land. Emery Town owns about 200 shares, which are used in its culinary and secondary water systems.

The sponsor has not received assistance from the board in the past.

WATER RIGHTS
& SUPPLY:

Water rights in the name of Muddy Creek Irrigation Company are listed under WR numbers 94-1134, 94-1135, 94-12, 94-32, 94-33, 94-47, 94-55, 94-56, 94-57, 94-793, a13890, a13892, a13893, a13898, and a9876. All water used by the sponsor (160 cfs maximum) is obtained from the diversion structure on Muddy Creek.

EASEMENTS:

The project will be constructed on private land, which will require easements. The sponsor is currently involved in discussions with the landowner and is confident the easements can be obtained.

ENVIRONMENTAL:

The engineer will oversee the preparation of all necessary NEPA documentation. It is anticipated the

project will not have detrimental impacts on the environment.

WATER
CONSERVATION:

The proposed project will not conserve any water.

SPONSOR'S
RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties and easements required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.
 - d. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the board.
 - e. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources,

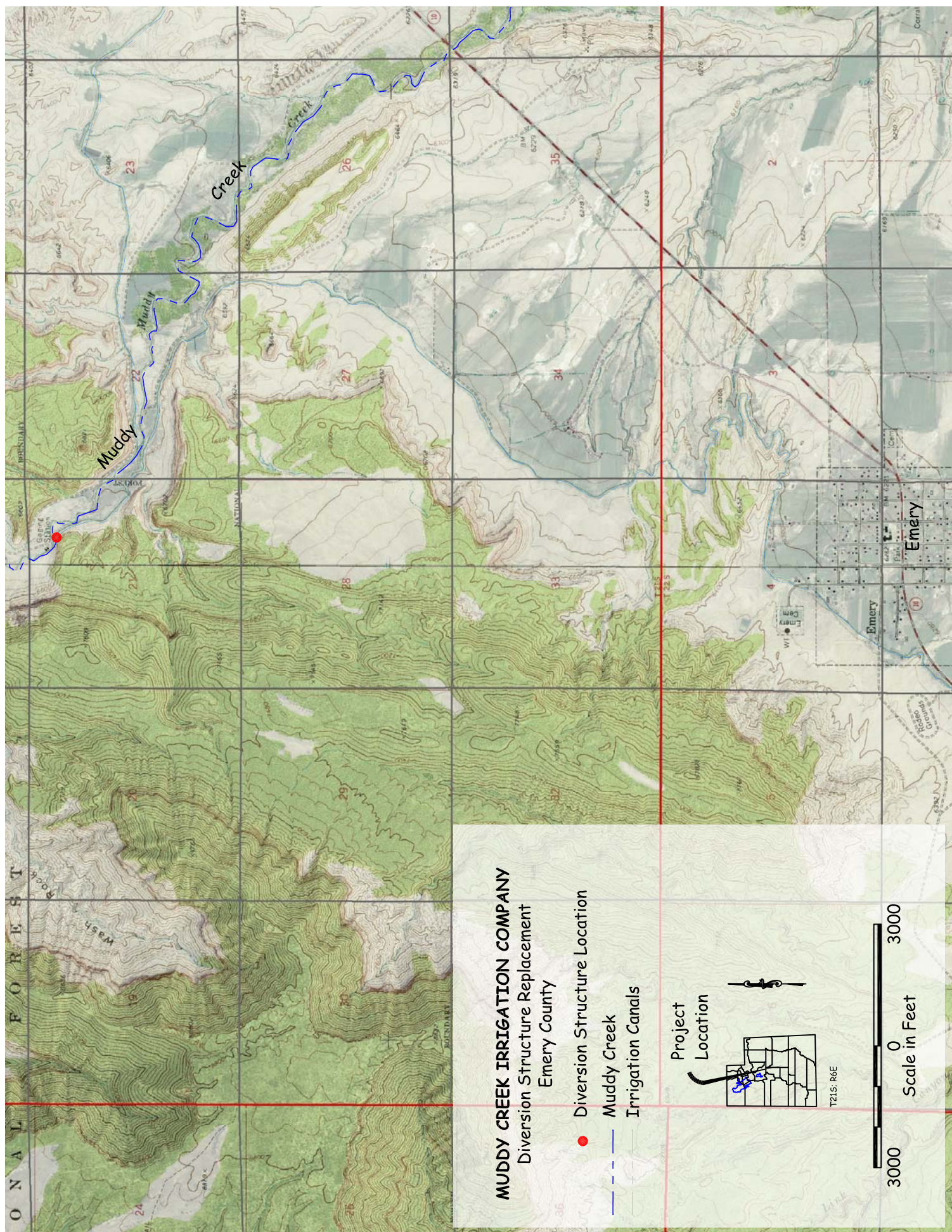
and that they cover the land to be irrigated by the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources and Division of Water Rights.

6. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

7. Obtain a stream alteration permit from the State Engineer.

PROJECT	President:	Morris Sorensen
CONTACT		P.O. Box 104
PEOPLE:		Emery, UT 84522
		Phone: 435-286-2237
	Secretary:	Ronnie Sorensen
		P.O. Box 104
		Emery, UT 84522
		Phone: 435-286-2237
	Engineer:	Johansen & Tuttle Engineering
		P.O. Box 487
		Castle Dale, UT 84513
		Phone: 435-381-2522



MUDDY CREEK IRRIGATION COMPANY

Division Structure Replacement

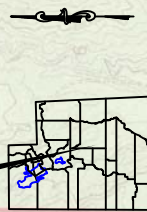
Emery County

● Diversion Structure Location

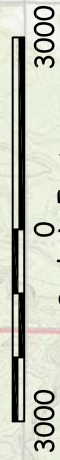
--- Muddy Creek

--- Irrigation Canals

Project Location



T21S, R6E



Scale in Feet

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-238**
Received: 2/22/08
Approved: 3/12/08
Authorized: 4/25/08

To be Presented at the December 4, 2008 Board Meeting

SPONSOR: **HOOPER IRRIGATION COMPANY**

President: Theo Cox
5779 South 6300 West
Hooper, UT 84315
Phone: 801-775-4367

LOCATION: The proposed project is located in the unincorporated communities of Taylor and West Weber, about five miles west of Ogden City in Weber County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to construct a pressurized lawn and garden system that will consist of a 25 acre-foot reservoir, pump station, and about ten miles of ductile iron and PVC pipe. The system will be designed for a capacity of up to 1,200 homes.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as authorized:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$4,770,000	90%
Sponsor	<u>530,000</u>	<u>10</u>
TOTAL	\$5,300,000	100%

PURCHASE AGREEMENT: If the board commits funds to the project, it is suggested the loan terms remain as authorized: the \$4,770,000 will be returned at 1% interest over 30 years with annual payments starting at approximately \$113,000 and increasing 3.37% each year to a final payment of approximately \$294,000.

BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-242**
Received: 6/6/08
Approved: 8/15/08
Authorized: 8/15/08

To be Presented at the December 4, 2008 Board Meeting

SPONSOR: ***GUNNISON FAYETTE CANAL COMPANY***

President: Scott Bartholomew
175 East 100 North
Fayette, UT 84630
Phone: 435-528-7236

LOCATION: The proposed project is located in Fayette,
approximately six miles north of Gunnison in Sanpete
County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from
the board to install about 3,200 feet of 36-inch HDPE
pipe to replace part of the canal through town.

COST ESTIMATE & SHARING: The cost estimate and sharing remain as authorized:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 130,000	36%
CUPCA Section 206 Grant	207,000	58
Sponsor	<u>23,000</u>	<u>6</u>
TOTAL	\$ 360,000	100%

PURCHASE AGREEMENT: If the board commits funds to the project, it is suggested the loan terms remain as authorized: the project be purchased at 0% interest over 10 years with annual payments of \$13,000.

BOARD OF WATER RESOURCES

Committal of Funds

Conservation & Development Fund

Appl. No.: **L-560**
Received: 12/3/07
Approved: 12/10/07
Authorized: 3/12/08
Reauthorized: 6/6/08

To be Presented at the December 4, 2008 Board Meeting

SPONSOR: **BRIGHAM CITY**

Mayor: Lou Ann Christensen
20 North Main Street
Brigham City, UT 84302
Phone: 435-734-6612

LOCATION: The proposed project is located about 12.5 miles northwest of Brigham City in Box Elder County.

PROJECT SUMMARY: Brigham City requested financial assistance from the board to construct about nine miles of pipeline to the future Proctor & Gamble plant northwest of the city, as well as upgrade about four miles of pipeline throughout the city to keep fire flows and storage at adequate levels for residents. It will also drill two new wells and upgrade the Mantua Reservoir Intake.

The board reauthorized funding for two bonds: Bond A in the amount of \$6,000,000 and Bond B in the amount of \$7,900,000.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as reauthorized:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
BWRe Bond A	\$ 6,000,000	40%
BWRe Bond B	7,900,000	53
Federal 595 Grant	495,000	3
Sponsor	616,000	4
TOTAL	\$15,011,000	100%

PURCHASE
AGREEMENT:

If the board commits funds to the project, it is proposed the purchase agreement remain as reauthorized. The board will participate in two bonds with the city: the \$7,900,000 bonded indebtedness to the board would be repaid at 0% interest in 20 years with approximate annual payments of \$416,000 (includes reserves of \$69,300 for the first six years). This bond is contingent upon the board receiving funding from the state legislature. The \$6,000,000 bonded indebtedness to the board would be repaid concurrently at 4% interest in 20 years with approximate annual payments of \$472,000 (includes reserves of \$78,700 for the first six years).

BOARD OF WATER RESOURCES

Feasibility Report & Committal of Funds

Revolving Construction Fund

Appl. No.: **E-251**
Received: 11/5/08
Approved: 12/4/08

To be Presented at the December 4, 2008 Board Meeting

SPONSOR: ***NORTH UNION IRRIGATION COMPANY***

President: Alex Lott

LOCATION: The proposed project is located in Lindon City in Utah County.

EXISTING CONDITIONS & PROBLEMS: The sponsor delivers about 9,500 acre-feet from the Provo River via the Provo Bench Canal and Irrigation Company through a concrete-lined canal to about 100 shareholders with a total of 1,264 shares, including Lindon City, Pleasant Grove City, Orem City, and Pleasant Grove Irrigation Company. Pleasant Grove Irrigation Company, Lindon City, and Orem City are the largest shareholders, with 200, 596, and 217 shares respectively. The remaining shareholders are individual users. A share of water provides about 7.5 acre-feet.

One section of the canal, approximately 1,370 feet long, is cracked and severely damaged in several locations. The houses along this section have experienced flooding due to seepage through the damaged concrete.

The concrete was placed in the canal 50-60 years ago and sections through this area have been repaired over the last two years. About \$15,000 has been spent in each of the last two years in attempts to stop the leaks; however, the canal continues to leak in this area.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to replace or overlay 1,370 feet of

deteriorated concrete lining. Technical assistance is being provided by J-U-B Engineers, Inc.

The project fits in Prioritization Category 1 (project which involves public health problems, safety problems, or emergencies).

COST ESTIMATE: The following cost estimate is based on a contractor's estimate for the proposed work:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Remove/Dispose of Old Lining	7,000 SF	\$ 8.00	\$ 56,000
2.	Concrete Placement in Removed Sections	500 LF	150	75,000
3.	Guniting Overlay of Existing Concrete	870 LF	90	78,300
4.	Remove Existing Turnout	1 EA	700	<u>700</u>
Construction Cost				\$210,000
Contingencies				20,000
Legal and Administrative				5,000
Design and Construction Engineering				<u>5,000</u>
TOTAL				\$240,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$204,000	85%
Sponsor	<u>36,000</u>	<u>15</u>
TOTAL	\$240,000	100%

If the board authorizes the project, it is suggested it be purchased at 0% interest over approximately 16 years with annual payments of \$12,750.

FINANCIAL FEASIBILITY: Benefits from lining this section of the canal will be the reduction of operation and maintenance costs due to the repairs over the last three years in this area. The annual reduction in operation and maintenance costs is estimated to be \$15,000.

With the proposed board share being 85%, it is suggested the sponsor's repayment ability be calculated as approximately 85% of the annual

benefit, or \$12,750. This is equivalent to about \$10.09 per share or \$1.35 per acre-foot.

The company's current annual share assessment is \$64.00.

BENEFITS: The new lining will reduce water damage to property adjacent to the canal and reduce maintenance costs. The amount of seepage presently occurring has not been quantified.

PROJECT SPONSOR: North Union Irrigation Company was incorporated April 17, 1883, and is presently registered in good standing with the state Department of Commerce. The company has about 100 shareholders holding 1,264 shares of stock.

The company has received assistance from the board in the past for canal lining projects. In 1959 the board provided \$10,000, in 1987 it provided \$42,000, and in 1998 it provided \$99,000. All these loans have been repaid.

WATER RIGHTS & SUPPLY: The sponsor has no water rights of its own, but has 676 shares in the Provo Bench Canal and Irrigation Company, which has a class "A" right from the Provo River. Each of these shares is worth 14 acre-feet.

EASEMENTS: All work will be done within the existing canal right-of-way.

ENVIRONMENTAL: There will be typical dust and noise during construction, but no long-term impacts are expected.

WATER CONSERVATION: The project will reduce to a minimal the amount of water lost to seepage from the canal.

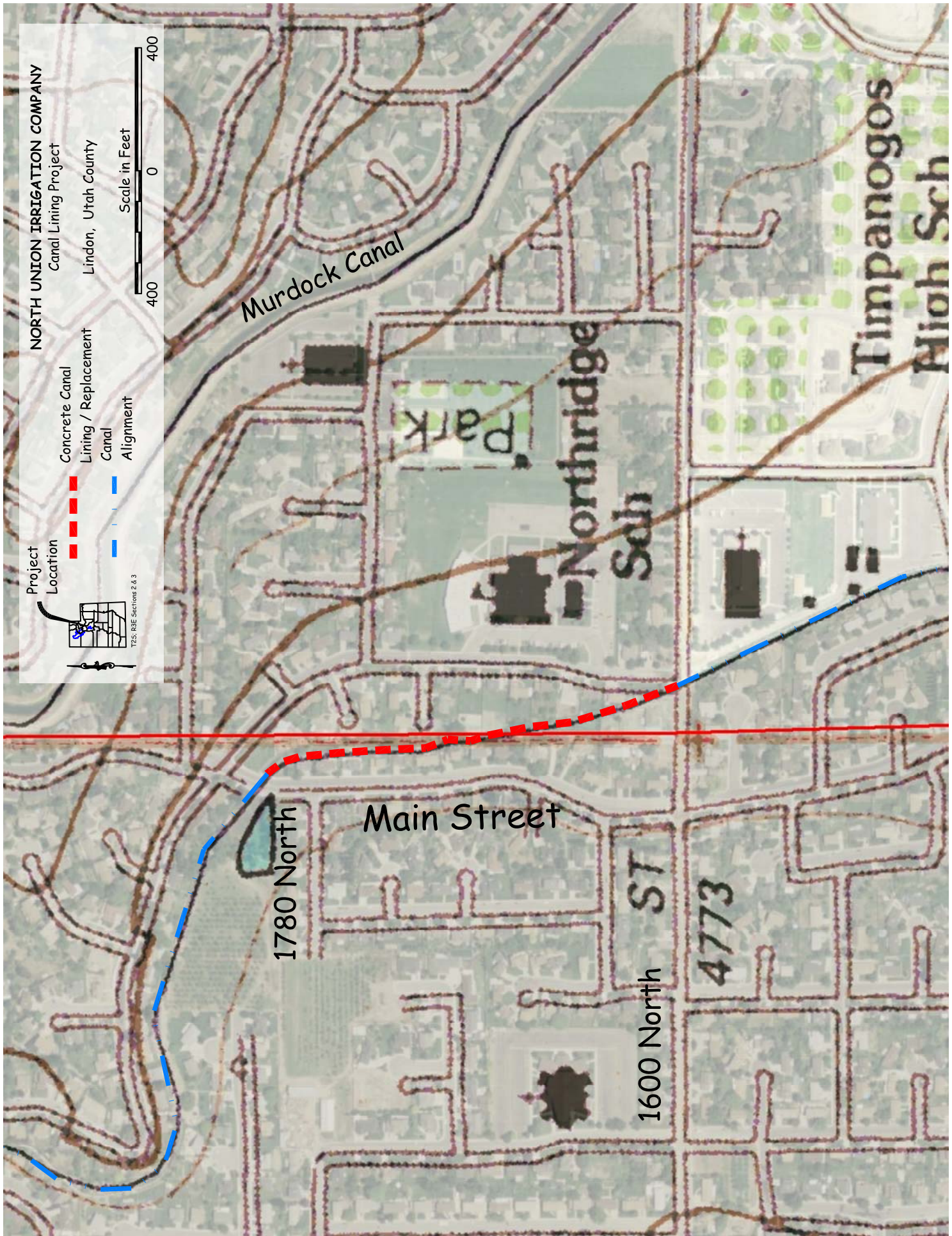
SPONSOR'S RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.

2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties, easements, and water shares required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all easements, permits, and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the board.
 - d. The company's water shares applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.
4. Have an engineer licensed in Utah prepare the plans and specifications and obtain approval of them from the Division of Water Resources.
5. Update its water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

STAFF COMMENT: The sponsor has completed the majority of the board's requirements and requests funds be committed at this time so it can complete the project during the winter season.

PROJECT	President:	Alex D. Lott
CONTACT		1835 North 800 West
PEOPLE:		Orem, UT 84057
		Phone: 801-225-6460
	Secretary:	Norma Brown
		175 North 200 East
		Lindon, UT 84042
		Phone: 801-785-2075
	Engineer:	J-U-B Engineers
		240 West Center Street
		Orem, UT 84057
		Phone: 801-226-0393



BOARD OF WATER RESOURCES

Special Item

Withdrawal

Revolving Construction Fund

Appl. No.: **E-246**

Received: 7/22/08

To be Presented at the December 4, 2008 Board Meeting

SPONSOR: ***DEEPWATER DISTRIBUTION COMPANY, INC.***

Presiding Officer: Dr. Robert Powell
Box 2443
Park City, UT 84060
Phone: 435-640-3600

LOCATION: The project is located approximately eight miles northwest of Midway in Wasatch County.

SUMMARY: The sponsor requested financial assistance to install a culinary system, including 25,000 feet of pipe, a 150,000 gallon tank, fire hydrants and appurtenances. When staff investigated it was found that fewer than 50% of the homes were occupied year-round.

As the project does not meet the board's funding guidelines, staff recommends the project be withdrawn from further consideration.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right Nos.: **92-638, 91-5075, 93-3750**

Received: 6/30/98

First Presented: 1/30/99

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: ***GUNNISON BUTTE MUTUAL IRRIGATION COMPANY***

President: Lee Thayn
P.O. Box 447
Green River, UT 84525
Phone: 435-564-3325

LOCATION: The requested water will be used to irrigate farmland north and south of Green River in both Grand and Emery counties.

DESCRIPTION: Gunnison Butte Mutual Irrigation Company is a non-profit corporation that provides water to farmers owning land surrounding the Town of Green River.

CURRENT CONDITIONS: Construction on the water systems to use this right is complete. The applicant's engineers are surveying the land to complete the necessary proofs before December 31, 2008 and believe that nearly all of the water will be used. Proof has already been filed on 2,196.3 acre-feet (limited to 1,115.5 acre-feet depletion).

SUMMARY: The applicant received an allocation of the Flaming Gorge Water Right in the amount of 24,825 acre-feet (limited to 15,143 acre-feet depletion) to irrigate 4,969 acres, filed under Water Right No. 41-3531, Change Applications 92-638(a27713), 91-5705(a27714), and 93-3750(a27715), which have been approved. In its March 2007 meeting the board passed a motion to postpone the water right proof due date to December 31, 2008 on 11,430 acre-feet (limited to 6,972 acre-feet depletion). The remaining 13,395 acre-feet were returned to the board.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **92-633**
Received: 9/27/97
First Presented: 1/30/99

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: ***EASTSIDE HIGH DITCH COMPANY***

President: Tim Vetere
P.O. Box 404
Green River, UT 84525
Phone: 435-564-8115

LOCATION: The requested water will be used to irrigate farmland near Green River in Grand County.

DESCRIPTION: Eastside High Ditch Irrigation Company is a non-profit corporation owning 1,560 acres, on which it grows melons, hay, and corn.

CURRENT CONDITIONS: Construction is complete and the water is being used for irrigation. The applicant's engineer has completed the necessary survey and will file proof before December 31, 2008.

SUMMARY: The applicant received two allocations of the Flaming Gorge Water Right. In August 1996 the applicant received a water right of 2,900 acre-feet (92-622) to irrigate 580 acres, for which proof has been filed.

On March 9, 2000 the board made a second assignment to the applicant of 4,900 acre-feet under segregation #41-3524, with the depletion to be limited to 2,989 acre-feet. This right is now #92-633, and in its March 2007 meeting the board passed a motion to postpone its water right proof due date to December 31, 2008.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **01-1144**

Received: 6/1/98

First Presented: 1/30/99

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: **W W WATER COMPANY**

President: Dr. Kirk Shiner
33420 Antelope Road
Route County Road #1
McCoy, CO 80463
Phone: 970-653-1950

LOCATION: The requested water will be used on the West Water Ranch, located on the Colorado River 45 miles northeast of Moab in Grand County.

DESCRIPTION: The W W Water Company was formed in 1998 to irrigate several hundred acres of hay, pasture, and small grains on a cattle ranch. The water is diverted directly from the Colorado River into a reservoir and is then pumped to various sprinkle irrigated fields through over 10,000 feet of PVC pipe. Various forms of sprinkle irrigation systems are used, including center pivots, wheel lines, k-lines, and traveling guns.

CURRENT CONDITIONS: The applicant has placed 575.83 acres under irrigation. The total acreage under irrigation was recently confirmed by a survey performed as part of the preparations to file proof.

Mark Page, formerly the Area Engineer for the Division of Water Rights, has been hired to do the proof and is certain it will be filed by December 31, 2008.

SUMMARY:

In its March 2007 meeting the board assigned W W Water Company 3,000 acre-feet of its Flaming Gorge water right under segregation #01-114 (limited to 1,830 acre-feet depletion) for agricultural use, and passed a motion to postpone its water right proof date to December 31, 2008. The applicant has surveyed 575.83 acres placed under irrigation and will file proof on 3,000 acre-feet by the end of the year.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **97-2220**

Received: 9/19/97

First Presented: 1/30/99

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: ***BOULDER FARMSTEAD WATER COMPANY***

President: Connie Reid
P.O. Box 1356
Boulder, UT 84716
Phone: 435-335-7340

LOCATION: The requested water will be used in the Town of Boulder in central Garfield County.

DESCRIPTION: Boulder Farmstead Water Company is the sole supplier of indoor and outdoor water to the residents of Boulder Town. The town has a current population of about 220.

CURRENT CONDITIONS: The applicant currently serves culinary water to 121 connections. It obtains water from a well producing 150 gpm and a spring producing 110 gpm. The applicant is currently using all of its existing water right of 100 acre-feet and will need 100 acre-feet of additional water granted from the Flaming Gorge water right to supply water for future growth. A 17,000-gallon water tank was recently constructed near the spring to provide additional system storage.

The applicant is ready to file the proof, but because the water is for future growth current state law will not allow it to perfect the water right. It is anticipated the Utah State Legislature will pass a bill in its January 2009 general session that will allow water companies to prove up on the used portion of their water rights and retain the remainder in anticipation of future growth.

SUMMARY:

On March 7, 2007 the Board of Water Resources voted to reduce the Flaming Gorge water right assigned to the applicant from a diversion of 300 acre-feet (depletion limited to 132 acre-feet) to a diversion of 100 acre-feet (depletion limited to 44 acre-feet) and give the applicant until December 31, 2008 to file proof on the water right.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **05-2992**

Received: 6/20/97

First Presented: 9/19/97

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: ***WILSON ARCH WATER & SEWER COMPANY***

President: Phillip Vance Glaze
P.O. Box 326
Monticello, UT 84535-0326
Phone: 435-686-2306

LOCATION: The requested water will be used in the Wilson Arch Resort Community on U.S. Highway 191, between Moab and Monticello in San Juan County.

DESCRIPTION: Wilson Arch Resort Community is a development that includes full and part-time residences and commercial lots.

CURRENT CONDITIONS: Twenty-five residential lots have been sold to date. The entire water system has been constructed for Phase I, including three wells, power lines to the wells, three underground storage tanks, and a pipeline at a total cost of \$335,000. Phase II is currently under construction; however, proof cannot be filed until the Division of Drinking Water approves the water system, and the applicant is still waiting for this approval.

SUMMARY: On September 13, 1999 the board made an assignment to the applicant of 100 acre-feet of its Flaming Gorge water right under segregation #41-3515 (limited to 56 acre-feet depletion) to be used for the development. A change application (05-2992, a28592) was filed by the applicant and approved by the State Engineer. Wilson Arch Resort Community does not have any other water rights and this water right is necessary for

the development. It will allow for 43.2 acre-feet for residences, 9.2 acre-feet for commercial properties, 42 acre-feet for the irrigation of 10.5 acres, and 5.6 acre-feet for stockwatering. The State Engineer allows a subdivision to file proof before all water is actually put to use as long as the subdivision has met all local, county, and state requirements, has an approved water system, has an approved water right application, and has the infrastructure required to meter the source. The applicant has hired an engineer and is in the process of meeting these requirements and filing proof by December 31, 2008.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **92-645, 92-646**
Received: 10/22/96
First Presented: 12/6/96

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: ***SCHOOL AND INSTITUTIONAL TRUST LANDS
ADMINISTRATION (SITLA)***

Trust Lands Resource Specialist: Richard B. Wilcox
675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818
Phone: 801-538-5100

LOCATION: The requested water will be used primarily on trust lands located east of Green River in Grand County.

DESCRIPTION: SITLA is responsible for managing approximately 3.5 million acres of trust lands throughout the State of Utah.

CURRENT CONDITIONS: The applicant is currently leasing approximately 165 acres and 578 acre-feet of its Flaming Gorge water right to a farmer. As part of the lease agreement, the water right must be put to beneficial use. Proof was filed on October 1, 2008.

The applicant segregated 10 acre-feet for use on a lease at Bullfrog at Lake Powell, and proof will be filed before December 31.

In addition, 12 acre-feet (depletion limited to 2.4 acre-feet) were segregated and proof filed (Water Right No. 97-2132) for use on leased lands north of Bullfrog for a boat storage facility, convenience store, service station, and some homes.

SUMMARY:

On May 19, 1997 the board made an assignment to the applicant of 600 acre-feet of its Flaming Gorge Water Right, with depletion limited to 313 acre-feet. On March 7, 2007 the board passed a motion to postpone the water right proof due date to December 31, 2008.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No. **97-2280**

Received: 10/08/97

First Presented: 1/30/99

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: ***GARFIELD COUNTY SCHOOL DISTRICT***

Superintendent: Dr. George Park
P.O. Box 398
Panguitch, UT 84759
Phone: 435-676-8821

LOCATION: The requested water will be used in Escalante City in Garfield County.

DESCRIPTION: Garfield County School District currently uses culinary water to irrigate about 12.5 acres of turf at two of its schools in Escalante City.

On March 7, 2000 the Board of Water Resources made an assignment to the district of 50 acre-feet of its Flaming Gorge Water Right (depletion limited to 29 acre-feet) under segregation #41-3526, to be used on 12.5 acres of grass and athletic fields surrounding the schools. A change application (97-2280, a31049) was filed by the district and approved by the State Engineer.

In its March 2007 meeting the board passed a motion to postpone its water right proof date to December 31, 2008.

CURRENT CONDITIONS: The applicant has relied on the Escalante City culinary water system for most of its irrigation needs in the past. The city, however, is short of water and has restricted the schools' use to indoor only. The applicant owns some shares in the New Escalante Irrigation Company, but it is not a reliable supply. The applicant has completed the

production well, producing about 80 gpm, and is currently finishing the trenching for the pipeline from the school to the well. The power line will also be placed in the trench. A rock formation was encountered, however, stopping trench construction and requiring a hammer drill be brought in. The applicant is confident it will have construction complete and be ready to put water on the ground by December 31, 2008.

SUMMARY:

The Garfield County School District was awarded 50 acre-feet of the Flaming Gorge Water Right for use on approximately 12.5 acres of turf on the grounds of the two schools in Escalante. Construction problems have postponed project completion until December of this year. The applicant intends to begin using the water for the school grounds starting the spring of 2009.

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **41-3487, 41-3523**

Received: 6/25/96, 11/10/97

First Presented: 8/8/96, 1/30/99

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: ***UINTAH WATER CONSERVANCY DISTRICT***

General Manager: Scott Ruppe
78 West 3325 North
Vernal, UT 84078
Phone: (435) 789-1651

LOCATION: The requested water will be used in western Uintah County.

DESCRIPTION: The Uintah Water Conservancy District (UWCD) was formed in 1957 to operate and maintain the Vernal and Jensen Units of the Central Utah Project. Through these and other efforts, UWCD helps manage water development, management, and conservation projects throughout the county.

CURRENT CONDITIONS: Water from the Uintah River drainage is diverted to provide water for agricultural, municipal, and industrial uses in both Duchesne and Uintah counties. A recent study completed for Duchesne County Water Conservancy District (DCWCD), Central Utah Water Conservancy District (CUWCD), and UWCD estimates that an average of 198,800 acre-feet is diverted annually, with an additional 16,000 acre-feet (under existing water rights) obtainable from the drainage if facilities were available to divert and store it. With the Flaming Gorge water rights allotted to the districts included, the total average available water is 314,200 acre-feet.

The study indicates future water demand in the districts' service areas will far exceed the amount currently available. The districts are continuing to

pursue additional storage high in the river basin, which will enable UWCD to more fully develop its Flaming Gorge water right. It has been difficult to confidently project the timing and quantity of water needed for municipal and industrial uses and for energy development. These demands will ultimately depend on the market for Uintah Basin Energy.

SUMMARY:

On August 8, 1996 the Board of Water Resources awarded UWCD 8,400 acre-feet (41-3487), limited to 5,176 acre-feet depletion, of its Flaming Gorge Water Right. On January 30, 1999 the board gave the district another right (41-3523) of 43,400 acre-feet (limited to 20,000 acre-feet depletion), 8,400 for supplemental agricultural use and 35,000 for general agricultural. In its March 2008 meeting the board passed a motion to postpone its water right proof date to December 31, 2008.

To date, 700 (43-11053) of the 8,400 acre-feet under Water Right 41-3487 and 9,840 (22 separate filings) of the 43,400 acre-feet under Water Right 41-3523 have been segregated and assigned to local projects being developed to pump directly from the Green River or through exchange by drilling wells (including just over 1,200 acre-feet for energy development). These have been given a proof date of October 31, 2009 by the State Engineer; however, the district has sent out letters stating that if the water right holders have not shown significant progress in utilizing the water by the end of this year, the right will revert back to the district. Proof has been filed on three of the segregated water rights, totaling 2,738 acre-feet. The applicant has indicated that approximately 6,828 acre-feet of Flaming Gorge water right is being used.

The district is currently working with two irrigation companies (Ouray Park and Uintah River) to construct a pumping facility on the Green River to deliver an initial 8,500 acre-feet of irrigation water to lands north of Pelican Lake. Water historically delivered to these lands will be utilized on land farther upstream. The board authorized funding for this project in June, 2008 and it is in the final design phase with hopes of having it complete in 2010. This project could be expanded to pump water to Pelican Lake to provide water to previously non-irrigated lands surrounding the lake.

Leota Irrigation Company also has a funding application for a Green River pumping facility to provide 3,000 acre-feet to agricultural land on Leota Bench.

The district provided the following information on potential projects and estimated timeline for use of its Flaming Gorge water right. Other projects are likely to come (such as additional storage via new or expanded reservoirs).

<u>Project</u>	<u>Acre-feet</u>	<u>Purpose</u>	<u>Date</u>
Segregated for Ag Green River Pumping Project (GRPP)	9,332	Irrigation	2009
GRPP - Phase II	8,500	Irrigation	2010
Energy	6,000	Irrigation	2012
	<u>6,360</u>	Tar Sands/ Oil Shale	2012-2017
TOTAL	30,192		

BOARD OF WATER RESOURCES

Special Item

Flaming Gorge Water Right Application

Water Right No.: **41-3530**

Received: 6/29/98

First Presented: 1/30/99

To be Presented at the December 4, 2008 Board Meeting

APPLICANT: ***DUCHESNE COUNTY WATER CONSERVANCY DISTRICT***

General Manager: Randy Crozier
855 East 200 North (112-10)
Roosevelt, UT 84066
Phone: (435) 722-4977

LOCATION: The requested water will be used throughout central and eastern Duchesne County.

DESCRIPTION: The Duchesne County Water Conservancy District (DCWCD) was formed in 1997 to assist in providing for the county's present and future water needs. It actively participates in the development, management, and conservation of water within the county.

CURRENT CONDITIONS: Water from the Uintah River drainage is diverted to provide water for agricultural, municipal, and industrial uses in both Duchesne and Uintah counties. A recent study completed for DCWCD, Uintah Water Conservancy District (UWCD), and Central Utah Water Conservancy District (CUWCD) estimates an average of 198,800 acre-feet is diverted annually, with an additional 16,000 acre-feet (under existing water rights) obtainable from the drainage if facilities were available to divert and store it. With the Flaming Gorge water rights allotted to the districts included, the total average available water is 314,200 acre-feet.

The study indicates future water demand in the districts' service areas will far exceed the amount currently available. The districts are continuing to pursue additional storage high in the river basin,

which will enable DCWCD to more fully develop its Flaming Gorge water right. It has been difficult to confidently project the timing and quantity of water needed for municipal and industrial uses and for energy development. These demands will ultimately depend on the market for Uintah Basin Energy.

SUMMARY:

The Board of Water Resources awarded DCWCD 47,600 acre-feet (41-3530, limited to 31,160 acre-feet depletion)) of its Flaming Gorge water right, 3,200 of which was proposed for M&I use and the remaining 44,400 to supplemental agriculture. In its March 2008 meeting the board passed a motion to postpone its water right proof date to December 31, 2008.

In 2006, 2,900 acre-feet of the water right was segregated (47-1817) from DCWCD's Flaming Gorge right for use by Newfield Production Company in its oil field injection wells. It has executed a 30-year lease with DCWCD with no time limit on extensions beyond the 30-year period. Newfield has completed its collector well adjacent to the Green River and approximately 655 acre-feet was utilized between July 1, 2007 and July 1, 2008, with usage increasing consecutively each quarter. The company has also indicated it may be interested in leasing additional water on additional production fields.

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **E-249**

Received: 10/15/08

SPONSOR: **WEST CORINNE WATER COMPANY**

President: Curtis Marble
P.O. Box 37
Corinne, UT 84307-9734
Phone: 435-783-5233

LOCATION: The proposed project area is located west of I-15,
between Brigham City and Tremonton in Box Elder
County.

PROPOSED PROJECT: The sponsor is requesting assistance to install a one
million gallon culinary water tank, over eight miles
of 6 and 12-inch distribution and transmission
pipelines, and upgrade an existing well.

WATER RIGHTS: 29-1952, 911, 1350, and 1943

COST ESTIMATE: \$3,645,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-250***

Received: 10/15/08

SPONSOR: ***OAKLEY CITY***

Mayor:

Blake Frazier

P.O. Box 33

Oakley, UT 84055

Phone: 435-783-5233

LOCATION: The proposed project is located in and around Oakley City in Summit County.

PROPOSED PROJECT: The sponsor is requesting assistance to install a pressurized irrigation system serving residential and agricultural users.

WATER RIGHTS: 35-8665, 8695, and 8660

COST ESTIMATE: \$6,650,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-252***

Received: 11/17/08

SPONSOR: ***MIDVALLEY ESTATES WATER COMPANY***

President: Robert Tuckett
4819 North 2800 West
Cedar City, UT 84721
Phone: 435-586-4611

LOCATION: The proposed project is located six miles north of Cedar City in Iron County.

PROPOSED PROJECT: The sponsor is requesting assistance to install 1,500 feet of 8-inch culinary water line, three fire hydrants, 21 meters, and a 250,000 gallon storage tank.

WATER RIGHTS: Numerous underground water rights.

COST ESTIMATE: \$500,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **E-253**

Received: 10/24/08

SPONSOR: **KANE COUNTY WATER CONSERVANCY DISTRICT**

Manager: Michael Noel
190 W. Center St., Ste 200
P.O. Box 122
Kanab, UT 84741
Phone: 435-616-5603

LOCATION: The proposed project is located north of Kanab City
in Kane County.

PROPOSED PROJECT: The sponsor is requesting assistance to drill and
equip two new wells, plus install about eight miles
of 12 through 24-inch culinary transmission pipeline.

WATER RIGHTS: Numerous underground water rights.

COST ESTIMATE: \$4,460,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-254***

Received: 11/24/08

SPONSOR: ***PINE VALLEY IRRIGATION COMPANY***

President: Larry H. Gardner
753 Lexington Drive
St. George, UT 84770
Phone: 435-673-3260

LOCATION: The proposed project is located in Pine Valley, about 30 miles north of St. George in Washington County.

PROPOSED PROJECT: The sponsor is requesting assistance to construct a 250,000 gallon concrete culinary storage tank and install about three miles of 8 through 12-inch culinary transmission pipeline.

WATER RIGHTS: 81-383, 970, 3006

COST ESTIMATE: \$834,000

Unauthorized
MINUTES OF
BOARD OF WATER RESOURCES BRIEFING MEETING
October 2, 2008

Olmstead Room
Capitol East Complex
Salt Lake City, Utah

Board of Water Resources
Briefing Meeting
10/2/08

Attendees: Blair Francis, Chair
Craig Johansen, Vice-chair
Brad Hancock
Joseph S. Paulick
Ivan Flint
Paul McPherson
Bob Bessey
Harold Shirley

Eric Millis, Deputy Director
Todd Adams, Asst. Director
Val Anderson, Chief, Investigations
Randy Staker. Accountant
Geralee Murdock. Admin. Secretary
Dennis Strong, Director, excused

John Baza, Director – Oil Gas & Mining
Dana Dean, Asst. Director – OG&M
Laura Nelson – Red Leaf Resources
Gary Aho – Oil Shale Exploration Co.
Amy Hansen – Oil Shale Exploration Co.
Becky Briso – Budget Analyst
Ron Rash – Engineer – Carollo Engineers
Rachel Otto – Staff Attorney- Western Resource Advocates
Amy Defreese Utah Rivers Council
Stephen Speckman – Reporter – Deseret News

Chair Blair Francis welcomed everyone to the “early” meeting.

Oil Shale Discussion

Eric Millis said in December the Board will be making decisions on the Flaming Gorge Water Right. The question is how much water will be required for oil shale. Mr. Millis welcomed Laura Nelson of Red Leaf Resources, Gary Aho of Oil Shale Exploration Company and John Baza, Director of the Division of Oil Gas & Mining. Ms. Nelson and Mr. Aho will talk about their companies and what they are doing. They both told the Board, Utah has sufficient water to develop Utah’s portion of oil in the Green River formation. The Green River formation spans Utah, Colorado and Wyoming and is estimated to hold 800 billion barrels of recoverable oil locked in shale, about 70% is on federal lands and the rest is on school and institutional lands and private property.

Ms. Nelson and Mr. Aho said their companies will rely on sources such as the Colorado, Green and White Rivers and possibly use water stored in the Flaming Gorge Reservoir which would require an agreement with the Bureau of Reclamation. The companies also would use a small amount of recoverable water that already exists in the actual oil shale and recycled water from current oil and gas operations in the basin. Average water use for shale oil extraction is three barrels of water per barrel of oil produced. These two companies said their water use is more like two barrels of water per barrel of oil. The water is used for reclamation, dust control and worker need.

Both Ms. Nelson and Mr. Aho explained their company's operation and further plans. Mr. Baja explained the Division of Oil Gas & Mining's responsibility with the process. He said 30-50 years from now he expected significant oils hale development and that this can be done for the economic benefit of the state and protect the environment.

Discussion of Projects

Settlement Canyon Irrigation Co.

Stew Paulick reported last fall the irrigation company board of directors decided there was a lot of water being wasted. They held a shareholders meeting and told them they wanted to start metering in neighborhoods with secondary water, as a way of cutting down water consumption. They also want to reestablish the pipeline in the area. In February the irrigation company board asked Mr. Paulick to be chairman of the committee. They decided they wanted to submit these projects for financing to the Board of Water Resources. The Settlement Canyon board doesn't feel like they can accept the ten years payback. The citizens are paying a low rate for their culinary water so they will have a hard time paying a higher rate for this project. The irrigation company is requesting a longer payback (20 years) period.

Honeyville City

Mr. Francis said the city went out and got an Army Corps of Engineers grant for \$1.30 million to build tanks. The total project cost is \$1.560 million. They are requesting \$320,000 from the Board. The interest rate is 4%. Mr. Francis said it is a good project. Bob Bessey will make the motion in the Board meeting.

Committal of funds

Cub River Irrigation Co.

Chair Francis said Idaho has provided their share of its funding, and this will complete the system. The company is asking for \$1.6 million, to be returned at 2%

interest over 21 years. The company will provide \$360,000, and the Idaho Water Resources Board will provide \$500,000 as a loan .

Bell Canyon Irrigation Company

Mr. Paulick said the design work is done and they are looking for committal of funds. The terms remain the same as authorized.

Special Items Parowan South Field Inc.

Harold Shirley said this is a modification of the company's 2006 pipeline project repayment schedule. This will allow the repayment to vary dependent on the loan balance and years remaining. The years do not change.

East Fielding Pump and Distribution Company

This project is to be withdrawn. Funds needed for the project were donated to the sponsor by a private entity.

Cloud Seeding

Staff is requesting \$150,000 from the Revolving Construction Fund for cloud seeding for the 2008-2009 season.

Flaming Gorge

Val Anderson said in March 2007-08 the Board gave extensions to nine Flaming Gorge water right applicants extending their proof filing date to December 31, 2008. In July we sent a letter requesting an update. This is not an action item. In the letter we asked what construction had been completed and how much water would be put to beneficial use by December 31. We expect proof will be filed on most of it, and that there will be very little to turn back to the Board.

Lake Powell Pipeline Project.

Eric Millis said MWH is continuing to work with the division on study plans that will be submitted to FERC to guide the environmental studies that will occur over the next two years. An environmental assessment level document would be the result of these studies. There will be considerable additional funds needed in order to have MWH complete these studies. MWH gave us a cost estimate about 15 months ago. We have

also been going through it with MWH and the Management Committee since then. Hopefully we have done as good as we can to reduce the cost by only the amount needed to get what we need to complete the studies. By using FERC instead of the BLM we are going through one licensing process instead of two. MWH is now the one to complete the environmental assessment level document rather than the BLM. Also because FERC and the other agencies, NGO's and the public are requiring additional work, MWH will need an additional \$10.9 million to complete the work.

Harold Shirley made the motion to commit \$10.9 million to complete the preliminary engineering and environmental studies required for the environmental report and license application for FERC. Joseph Paulick seconded the motion and the Board unanimously agreed.

Bear River Development

Eric Millis said CH2MHill recently submitted a draft report for the Preliminary Engineering for the proposed Washakie Reservoir. It is currently under review by Division staff and Jordan Valley Water Conservancy District, Weber Basin Water Conservancy District, Bear River Water Conservancy District and the Cache County Council. It is estimated the reservoir will cost \$1 billion to build which is considerably more than originally estimated. We believe by studying this site to evaluate its suitability and the pipeline right-of-way we are doing what the Legislature asked us to do. We are close to hiring a contractor to evaluate a pipeline right-of-way from the Honeyville area to North Weber County.

Meeting adjourned at 12:10 p.m.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
October 2, 2008

Olmstead Room
Capitol East Complex
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the October 2, 2008 minutes were approved as prepared. Page 1
2. The Board authorized the Settlement Canyon Irrigation Company project in the amount of \$1.17 million (85%) for both phases out of the C&D fund - \$1.06 million for Phase 1 and \$650,000 for Phase 2 to be paid back in 20 years. Page 2
3. The Honeyville City project was authorized in the amount of \$320,000 (20.5%) at 4% interest to be returned with annual payments of \$44,000. Page 2
4. Funds were committed in the amount of \$1.6 million (65%) for the Cub River Irrigation Company to be purchased at 2% over 21 years with annual payments of approximately \$96,000. Page 3
5. The Board committed funds for the Bell Canyon Irrigation Company in the amount of \$540,000 (84.4%) to be purchased at 4% interest over ten years with annual payments of \$66,600 from the C&D fund. Page 3
6. The Board amended the Parowan South Fields, Inc. contract to make the repayment period be set and not the payment. The balance of the purchase price is to be payable without interest and not to exceed 13 annual installments of approximately \$22,100. Page 4
7. The East Fielding Pump and Ditch Co. project was withdrawn from further consideration by the Board. Page 4
8. The Board committed \$150,000 from the Revolving Construction Fund for the Cloud Seeding Program. Page 4

THOSE PRESENT

The BOARD OF WATER RESOURCES met in regular session on Thursday, October 2, 2008 in the Olmstead Room, East Capitol Complex, Salt Lake City, Utah. Chair Blair Francis presided over the 1 p.m. meeting.

BOARD MEMBERS PRESENT:

Blair Francis, Chair
Craig Johansen, Vice-Chair
Paul McPherson
Ivan Flint
Brad Hancock
Stew Paulick
Harold Shirley
Robert Bessey

STAFF MEMBERS PRESENT:

Eric Millis, Deputy Director
Todd Adams, Asst. Director
Val Anderson, Chief, Investigations
Randy Staker, Chief Accountant
Shalaine DeBernardi, Engineer
Gina Hirst, Engineer
Tom Cox, Engineer
Marisa Egbert, Engineer
Geralee Murdock, Administrative Secretary
Dennis Strong, Director (Excused)

OTHERS PRESENT:

Gary Bevan, President, Settlement Canyon Irrigation Company
Ned Bevan, Board member, Settlement Canyon Irrigation Company

David Forsgren, Councilman, Honeyville City
Chris Wight, Project Manager, Hansen and Associates

Robert Augenstein, President, Bell Canyon Irrigation Company
L. Gary Brown, Vice-president, Bell Canyon Irrigation Company

BOARD OF WATER RESOURCES MEETING
Olmstead Room- East Capitol Complex
October 2, 2008

Chair Francis welcomed everyone to the meeting. He said two representatives from two oil shale companies came to the Briefing Meeting and presented what they were doing out in the Vernal area to get ready for oil shale development.

APPROVAL OF MINUTES

Bob Bessey made the motion to approve the minutes of the August 15, 2008 minutes. Brad Hancock seconded the motion and the Board unanimously agreed.

FEASIBILITY REPORTS

#F-240 Settlement Canyon Irrigation Company

Chair Francis introduced Gary and Ned Bevan. Russ Hadley reported the proposed project is located in and west of Tooele City and in Settlement Canyon. He said the company provides pressurized irrigation water from Three Creeks, several springs and two wells located southeast of Tooele City to about 800 lawn and garden shareholders and 60 agricultural shareholders. Over 500 acres are being irrigated with 300 acres of larger farms growing mostly alfalfa. During the floods of 1983 a two mile section of transmission pipeline in Settlement Canyon was washed out. Because of seepage loss in the canyon, the creek seldom flows into the reservoir after the first of July.

Because there is no restriction on water usage in town, the company feels about 50% of lawn and garden shareholders are overwatering their property. The company's requesting financial and technical assistance to install two miles of 18" PVC pipe and also 857 meters on residential lots. The project consists of two phases. The first phase being the pipeline and 25 test meters that would be spread throughout the town. The division will be providing the test meters through a grant and is being requested to operate them two and a half years to make sure they will operate the system water without any problem. After a successful test of the meters the remaining 832 will be installed in Phase 2. The total estimated cost of the project (both phases) is \$1.06 million and staff recommended the Board provide 85% of the project cost at 3.1% interest over ten years.

Gary Bevan said this is a family company and their family has been involved since 1849 when the first settlers came into the valley. They hate to see the water run into the ground and putting a pipeline in would benefit them and give them more water to use. They have a pretty good history with the Board; the last loan they had they paid off early. The only thing that bothers us is the ten year repayment. Last year we raised the

assessment to \$90 and had trouble convincing the shareholders of that. If possible we would request the repayment period be extended.

Harold Shirley made the motion to authorize the Settlement Canyon Project in the amount of \$1.17 million (85%) for both phases out of the C&D fund - \$1.06 million for Phase 1 and \$650,000 for Phase 2 to be paid back in 20 years. Bob Bessey seconded the motion and the Board unanimously agreed.

#L-582 Honeyville City

Gina Hirst said Honeyville is located 10 miles north of Brigham City in Box Elder County and delivers culinary water for indoor and outdoor use from several springs and two wells for about 450 connections. The city has a 250,000 gallon concrete storage tank on the north end of town, and a 50,000 gallon and two 200,000 gallon storage tanks on the south. The 200,000 gallon storage tanks are in good condition, but the 50,000 gallon tank is near the end of its life.

The city is requesting financial assistance to construct a one million gallon concrete storage tank south of town at the same elevation as the north tank to eliminate spring overflow, reduce pumping from the north well, improve pressure, and provide for future growth. The city also has several residential developments in various stages of development and is requesting assistance to provide an additional 3,200-foot transmission line at the south end of town to loop the water system and to provide adequate pressure for future development. In addition, the city would like to install a new pump on the south well.

The city has received a grant from the Army Corps of Engineers (ACOE) to help pay for the project. Technical assistance is being provided by Hansen and Associates in Brigham City. The project is estimated to cost \$1.56 million. The Board of Water Resources is to provide 20.5%.

Chair Francis introduced Dan Forsgren and Chris Wight and asked if they had a comment regarding the project.

Mr. Wight said the city will be abandoning the two existing tanks. The Acme Water Co. owns a small 35,000 gallon tank next to these on the same elevation and the city has been working trying to offer one to them. He said this is the last project in the federal 595 program that received ACOE's money. The city should be able to use the funds most economically possible.

Bob Bessey made the motion to authorize the Honeyville City project in the amount of \$320,000 (20.5%) at 4% interest to be returned with annual payments of \$44,000. Ivan Flint seconded the motion and the Board unanimously agreed.

COMMITTAL OF FUNDS

#E-233 Cub River Irrigation Company

Marisa Egbert reported the Cub River Irrigation Company project is located in and around Lewiston just north of Logan City,. The company is requesting financial assistance to install about 11 miles of pressurized pipe and three new pumping stations to replace part of an existing unlined canal. The total cost of the project is \$2.46 million with the Board of Water Resources providing \$1.6 million (65%). Idaho Water Resources will provide \$500,000 (20%).

Paul McPherson made the motion to commit funds to the Cub River Irrigation Company in the amount of \$1.6 million (65%) to be purchased at 2% over 21 years with annual payments of approximately \$96,000. Stew Paulick seconded the motion and it was unanimously agreed upon by the Board.

#E-242 Bell Canyon Irrigation Company

Tom Cox reported the proposed project is located south of the Dimple Dell Park area of Sandy in Salt Lake County. In the last meeting the Board authorized a project to pipe approximately 8,000 feet of main ditch and 2,700 feet of lateral ditch, construct a pressure regulating station, and install about 20 service connections. The estimated total project cost is \$640,000.

Chair Francis introduced Robert Augenstein, president and Gary Brown, vice-president. Mr. Augenstein said this is phase 3 and we hope to get it bid this month and started next month.

Stew Paulick made the motion to commit funds to the Bell Canyon Irrigation Canyon irrigation project in the amount of \$540,000 (84.4%) to be purchased at 4% interest over ten years with an annual payment of \$66,600 from the C&D fund. Paul McPherson seconded the motion and it was unanimously agreed upon by the Board.

SPECIAL ITEMS

#E-183 Parowan South Fields, Inc.

Shalaine Debernardi reported in February, 2006 the Board provided \$328,000 to the company to replace an earthen ditch system with a pressurized pipeline system. The financial assistance is being returned to the Board at 0% interest over approximately 14 years with payments set at \$24,700. The first payment was made in December of last year as was required. Because the company does not own water rights, the Board took possession of approximately 120 shares of Parowan Reservoir Company stock as security for this loan.

Earlier this year a stockholder sold land with 18 water shares tied to it. The purchaser needed to use these shares as collateral, and had them released by paying off his portion of the project cost which was almost \$16,000. Because of the terms in the existing contract this payment reduced the principal balance but did not reduce the company's annual payment. This is a problem because now the company must increase each share's assessment to cover the payment because this 18 shares is no longer there. This situation could arise again over the remainder of the repayment schedule.

The company is requesting and staff concurs the agreement be amended to make the repayment period be set and not the payment. Harold Shirley made the motion the contract be amended to state the balance of the purchase price be payable without interest not to exceed 13 annual installments of approximately \$22,100. Stew Paulick seconded the motion and it was unanimously agreed upon by the Board.

#E230 East Fielding Pump and Ditch Co.

Ivan Flint made the motion to withdraw the East Fielding Pump and Ditch Co.'s application from further consideration by the Board. Paul McPherson seconded the motion and the Board agreed unanimously.

COMMITTAL OF CLOUD SEEDING FUNDS

Todd Adams said the Central and Southern Utah area which includes the Tooele Valley, the Uinta Mountains, West Uinta's and the Cache and Box Elder areas as well as the small Emery County project were seeded last year. They ran around 150 generators. Last year there was about a 14% increase in our precipitation. The cloud seeding cost was \$420,000 - the state contributed about \$210,000 and the local sponsors contributed \$210,000. The sales tax money was used first and then the Revolving Construction funds. Staff is recommending the Board commit \$150,000 from the Revolving Construction Fund for the cloud seeding program in 2009. We will also receive \$150,000 from the Sale Tax.

Ivan Flint made the motion to commit \$150,000 from the Revolving Construction Fund for the Cloud Seeding Program. Craig Johansen seconded the motion and the Board unanimously agreed.

DIRECTOR'S REPORT

Eric Millis excused Dennis Strong as he was at a Seven Basin States meeting. Mr. Millis referred the Board to the proposed 2009 Board Meeting schedule. The schedule is for six meetings instead of the seven we had this past year. The Board discussed the possibility of not having a board meeting while at the Water Users

Workshop in March. He asked the Board members to e-mail Geralee if they had any changes they would like in the schedule.

Mr. Millis said the Legislature was in session the last week in September to see what they could do with the budget. In terms of the Board's programs there wasn't any effect from that. Staff's operating budget was reduced somewhat. We feel fine about the way things have turned out.

There has been a change in the schedule the Governor's office works off of in making appointments to the Board. They will be made in December rather than in the Spring like historically done before. There are four board members up for appointment or re-appointment. Blair Francis and Stew Paulick will probably be re-appointed as they haven't completed two terms. Ivan Flint and Brad Hancock have served two terms and they can make a decision as to whether they would like to continue.

Craig Johansen said the Executive Water Task Force is coming to an end. There is one more meeting. He gave a brief summary of some of the recommendations made by that group.

Meeting adjourned at 2:05 p.m.

Tour
Central Iron County Water Conservancy District
August 14, 2008

Attendees:

Blair Francis
Craig & Jonnie Johansen
Stew & Carol Paulick
Harold Shirley
Brad & Patty Hancock
Bob & Carolyn Bessey
Ivan & Marlene Flint

Dennis & Connie Strong
Eric Millis
Todd Adams
Val & Shelley Anderson
Barbara Allen
Randy Staker
Terri Jackson
Russ Barrus
Eric & Debbie Klotz
Dave & Linda Cole

Scott Wilson
Kurt Vest
Wayne Smith
Evan Vickers

Tour attendees left from the hotel in Cedar City, Utah at 8:00 a.m. Harold Shirley welcomed everyone and copies of a booklet of tour information were distributed. The group headed west toward Newcastle while Scott Wilson, Executive Director of the Central Iron County Water Conservancy District, described some of the challenges and projects undertaken by the district to form an integrated area water provider.

The bus first stopped at the Milgro Farms greenhouse facilities. The greenhouses are heated by three geothermal wells, which have been drilled to depths of over 500 feet and bring up water between 180° and 220° F. Almost 750,000 poinsettias, over one million chrysanthemums, and other flowers including Easter lilies are grown there each year for sale in stores all around the west.

After leaving Milgro Farms, the bus continued west to the Enterprise area and Kurt Vest, Regional Engineer for the Division of Water Rights, described the current groundwater situation in the valley. Approximately 68,000 acre-feet is being depleted from wells each year, with only about

35,000 acre-feet of recharge to the area. The water table is falling at a rate of about one foot per year. He said there is still time to change water use and the Division of Water Rights is trying to work with area residents to effect a 45% water use decrease over time. Some of the ideas being discussed to achieve this include monitoring the number of acres irrigated, voluntary efforts to cut back, some changing of crops grown, and possibly priority date or across-the-board cuts of water rights.

The tour next visited Bob Holt's alfalfa cubing facilities, where bales of alfalfa were being chopped and processed into compact cubes for shipping to California, Japan, and China. Mr. Holt farms 9,500 acres, and can have the hay cut and on the loading dock within five days. He said the farmers are working on voluntary agreements to cut water usage by 5% per year until reaching 45% total, with the hope that water levels might recover in their children's lifetimes to preserve their way of life.

While driving on to the Enterprise dams, Jim Simkins, president of the Enterprise Reservoir & Canal Company, gave a history of the valley and distributed photos of the devastation to the area by the 2005 flooding. Upon reaching the dams, Bill Leeftang, Geotechnical Specialist with the Division of Water Resources, explained the construction and problems occurring at Upper Enterprise Dam. Following the work to grout the foundation of the dam down to bedrock and construct earthen berms both upstream and downstream of the old rock dam, the outlet tunnel had collapsed within the left abutment. The canal company is in need of additional funding from the Board of Water Resources to finish the project.

Lunch was provided by the Enterprise Reservoir & Canal Company, a delicious picnic prepared by Carole Simkins. The bus then returned to the hotel in Cedar City, arriving at about 3:00 p.m. Board members proceeded to the Cedar City offices for the Briefing Meeting.

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BOARD OF WATER RESOURCES
BRIEFING MEETING
Cedar City Office
August 14, 1008
3:15 p.m.

Attendees: Blair Francis
Harold Shirley
Bob Bessey
Stew Paulick
Ivan Flint
Craig Johansen
Brad Hancock

Dennis Strong, Director
Eric Millis, Deputy Director
Todd Adams, Assistant Director
Val Anderson, Chief, Investigations
Barbara Allen, Secretary
Randy Staker, Assistant

Paul Blanchard, Northwest Pipe
Nancy Perkins, Deseret News
Evan Vickers

Chairman Blair Francis welcomed everyone to the meeting, and began the discussion of projects.

DISCUSSION OF PROJECTS

Gunnison Fayette Canal Company

Bob Bessey said the company wants to convert a ditch irrigation system which runs through the middle of the Town of Fayette to pipeline. The project won't save a lot of water, but will help with liability, safety and aesthetic issues. They will have a CUPCA Section 206 Grant for \$207,000, or 58% of the project expense, and are requesting \$130,000 (36%) from the board.

Horseshoe Irrigation Company

Bob Bessey said this project has over three miles of ditches that run through very gravelly ground and lose significant amounts of water to seepage. Installing pipe will save a lot of water. The sponsor hopes to have a 2025 grant to help pay for the project, but if they don't receive that, they will consider scaling back the project rather than asking for more money from the board. It's a good project.

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Davis & Weber Counties Canal Company

Ivan Flint said this is a big project that has been going on for years. It's coming before the board for reauthorization because of the board's requirement to revisit large projects every six years. This next phase will have the interest rate changed from 3.6% to 2.6%. Director Strong said the sponsor is always ready to do the next phase, and makes its requests when there is board money available. The board has put millions of dollars into this work already, and has encouraged the sponsor to proceed with it. The project is consistent with board policy to move agricultural water to municipal in a manner that allows farming to continue until the land is sold for development.

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Ivan Flint said this is Phase V in the secondary system. The road has been trenched for new power lines and the sponsor wishes to take advantage of that and place pipe intended to be placed during Phase VI at this time, while the road is torn up. It's a smart thing to do to cut costs, but it will require a one year delay of payment. The loan will be returned at 4% interest over 10 years.

West Bountiful City

Ivan Flint said West Bountiful City has pressure problems and its system needs upsizing and upgrading. It is asking for bond insurance grant money. The Legislature has stipulated that 10% of the C&D Fund be set aside for interest rate buydowns and bond insurance grants. Board policy says if the sponsor agrees to not borrow money to finance a project, a grant can be given. This type of financing makes the board's money go farther.

Rocky Ford Irrigation Company

Harold Shirley said Rocky Ford Dam was re-built years ago using Dam Safety grant money, but the spillway work was not done because problems were deemed to be from lack of proper operation and maintenance. The State Engineer restricted the water level in the reservoir until the problems were fixed. Upon excavation of the spillway it was found that it had been built on unsuitable foundation materials, and because of that it now qualifies for some grant funding. The sponsor is asking for an additional \$44,000 in grant monies.

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Harold Shirley said the board had just visited the Upper Enterprise Reservoir and was aware of the problems up there. The sponsor will need an additional loan of \$45,000 and additional Dam Safety grant money of \$855,000 to fix the collapse of the outlet pipe. Director Strong said there will undoubtedly be litigation and negotiation with the contractor. He noted that even with the board authorizing an additional \$900,000 for the project, the contractor will still be the low bidder.

Weber Basin Water Conservancy District

Ivan Flint described the history of the Smith & Morehouse Dam at the top of the Weber Basin Water Conservancy District system. He said it was a nightmare to build, but ended up being a good dam and a great asset to the district. Piping has been discovered near the crest, which must be repaired or a restriction will be placed on the reservoir by the State Engineer.

NEW APPLICATION

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Val Anderson distributed a new application from the Monroe South Bend Canal Company, and said that Senator Bennett has procured federal grant money for Utah to be used for water improvement projects. He wants to use some of that money in Monroe South Bend, but in order for the grant money to be committed, the company needs a statement from the Board of Water Resources that cost sharing funding is available. The proposed project will cost \$400,000 and the company will receive a \$300,000 grant. The board needs to write a letter to say the funding is "in process". Director Strong said it's a good project and with the board's approval he will write the letter.

For its federal cost share, the company will request \$85-90,000 in loan funding from the board, and will come up with \$10-15,000 on its own. The board gave approval for Mr. Strong to write the letter.

LAKE POWELL PIPELINE UPDATE

Eric Millis distributed a memo and the last two months' engineering reports from MWH on the Lake Powell Pipeline. He said scoping meetings had been held by FERC, and about 250 comments were received afterwards. Based on those comments, MWH and the Division will be updating study plans, which will be used as a template for the environmental, cultural, and engineering studies yet to be done. Meetings will be held in September to reach agreement on what the study plans will include, and then the process for the Environmental Impact Statement can go forward. The memo listed the most common responses to the project, mostly by citizens. Those comments need to be addressed in the study plans.

A total cost estimate of \$1.064 billion was released to the public last month, which includes capitol costs, permits, land, engineering, etc. Some of the reasons for the increase in the cost estimate (from the 2005 estimate of \$585 million) include the rising cost of materials, a higher number of power plants (7), and a slightly longer pipeline. MWH looked very carefully at local conditions and costs. The project must be ready to go and 70% of the project water must be sold before the Legislature can be asked for money. Mr. Millis said he feels good about the \$1.064B estimate, but there is still a lot of work to be done and a lot to be decided. Typically, there is about a 10-year development period for such large projects.

MWH is now at about 75% of its contract amount. It is preparing a proposal for completing the work that still needs to be done in the next year and a half. Their contract will need to be extended because the scope of the studies has changed with FERC's involvement.

BEAR RIVER DEVELOPMENT UPDATE

Eric Millis distributed two memos concerning development of the Bear River. He reported that CH2M Hill is a month behind on finishing the Geotechnical Report. The review draft is now due August 25 and, after receiving comments, a final report is to be finished by September 30. The purpose of the geotechnical study is to arrive at a cost estimate for constructing a dam at the Washakie site. So far there is no "fatal flaw" at the site, but the costs could be high. Water quality sampling is being done at the present time.

Mr. Millis said the project is still 20+ years in the future. A study needs to be done regarding facilities, locations, lands involved, etc., required to bring water from the Honeyville area to North Weber County, and he requested the board approve funds for that in accordance with the Legislative directive to develop the waters of the Bear River. A motion to commit \$600,000 from the C&D Fund for the study was made by Harold Shirley and seconded by Bob Bessey. Motion passed unanimously. The Division will soon send out a Request for Statement of Interest.

Meeting adjourned at 5:15 p.m.

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Approved
Minutes of the
Board of Water Resources Briefing Meeting
August 14, 2008
3:15 p.m.

Cedar City Office
20 North Main Street
Cedar City, Utah

Minutes of the
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August 14, 1008

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Bob Bessey
Stew Paulick
Ivan Flint
Craig Johansen
Brad Hancock
Paul McPherson - absent

Dennis Strong, Director
Eric Millis, Deputy Director
Todd Adams, Assistant Director
Val Anderson, Chief, Investigations
Barbara Allen, Secretary
Randy Staker, Accountant

Paul Blanchard, Northwest Pipe

Nancy Perkins, Deseret News

Evan Vickers

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Discussion of Projects

Feasibility Reports

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#E-245 Bell Canyon Irrigation Company

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Special Items Reports

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Dam Safety Construction Reports

#C-010 Rocky Ford Irrigation Company

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#C-036 Enterprise Reservoir & Canal Company

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#C-038 Weber Basin Water Conservancy District

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Monroe South Bend Canal Company

Val Anderson distributed a new application from the Monroe South Bend Canal Company, and said that Senator Bennett has procured federal grant money for Utah to be used for water improvement projects. He wants to use some of that money in Monroe South Bend, but in order for the grant money to be committed, the company needs a statement from the Board of Water Resources that cost sharing funding is available. The proposed project will cost \$400,000 and the company will receive a \$300,000 grant. The board needs to write a letter to say the funding is "in process". Director Strong said it's a good project and with the board's approval he will write the letter.

For its federal cost share, the company will request \$85-90,000 in loan funding from the board, and will come up with \$10-15,000 on its own. The board gave approval for Mr. Strong to write the letter.

Lake Powell Pipeline

Eric Millis distributed a memo and the last two months' engineering reports from MWH on the Lake Powell Pipeline. He said scoping meetings had been held by FERC, and about 250 comments were received afterwards. Based on those comments, MWH and the Division will be updating study plans, which will be used as a template for the environmental, cultural, and engineering studies yet to be done. Meetings will be held in September to reach agreement on what the study plans will include, and then the process for the Environmental Impact Statement can go forward. The memo listed the most common responses to the project, mostly by citizens. Those comments need to be addressed in the study plans.

A total cost estimate of \$1.064 billion was released to the public last month, which includes capitol costs, permits, land, engineering, etc. Some of the reasons for the increase in the cost estimate (from the 2005 estimate of \$585 million) include the rising cost of materials, a higher number of power plants (7), and a slightly longer pipeline. MWH looked very carefully at local conditions and costs. The project must be ready to go and 70% of the project water must be sold before the Legislature can be asked for money. Mr. Millis said he feels good about the \$1.064B estimate, but there is still a lot of work to be done and a lot to be decided. Typically, there is about a 10-year development period for such large projects.

MWH is now at about 75% of its contract amount. It is preparing a proposal for completing the work that still needs to be done in the next year and a half. Their contract will need to be extended because the scope of the studies has changed with FERC's involvement.

Bear River Development

Eric Millis distributed two memos concerning development of the Bear River. He reported that CH2M Hill is a month behind on finishing the Geotechnical Report. The review draft is now due August 25 and, after receiving comments, a final report is to be finished by September 30. The purpose of the geotechnical study is to arrive at a cost estimate for constructing a dam at the Washakie site. So far there is no "fatal flaw" at the site, but the costs could be high. Water quality sampling is being done at the present time.

Mr. Millis said the project is still 20+ years in the future. A study needs to be done regarding facilities, locations, lands involved, etc., required to bring water from the Honeyville area to North Weber County, and he requested the board approve funds for that in accordance with the Legislative directive to develop the waters of the Bear River. A motion to commit \$600,000 from the C&D Fund for the study was made by Harold Shirley and seconded by Bob Bessey. Motion passed unanimously. The Division will soon send out a Request for Statement of Interest.

Meeting adjourned at 5:15 p.m.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
August 15, 2008
8:30 a.m.

Cedar City Office
20 North Main Street
Cedar City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the June 6, 2008, Board meetings were approved as presented. Page 1
2. The Board authorized the Gunnison Fayette Canal Company project in the amount of \$130,000 (36%), to be purchased at 0% interest over 10 years with annual payments of approximately \$13,000. Page 1
3. The Board authorized the Horseshoe Irrigation Company project in the amount of \$340,850 (43.7%), to be purchased at 0% interest over 15 years with annual payments of approximately \$23,000. Page 1
4. The Board authorized the Bell Canyon Irrigation Company project in the amount of \$540,000 (84.4%), to be purchased at 4% interest over 10 years with annual payments of approximately \$66,600. Page 2
5. The Board re-authorized the Davis & Weber Counties Canal Company project to provide an additional \$6,260,000 for a total authorized amount of \$27,960,000. The remaining phases will be purchased at 2.6% interest, with annual payments to be determined at the time funds are committed. Page 3
6. The Board committed funds to the Davis & Weber Counties Canal Company project for Phase VI in the amount of \$3,200,000 (85%), to be purchased at 2.6% interest over 30 years with payments of approximately \$155,000. Page 3
7. The Board amended the contract with South Weber Irrigation Company to provide an additional \$71,000, which will be returned at 2.5% interest over 28 years with payments starting at approximately \$33,400 and increasing 5% per year to a final payment of about \$124,000. Page 4
8. The Board amended the contract with Davis & Weber Counties Canal Company to provide an additional \$850,000 to be returned at 4% interest over 10 years with annual payments of approximately \$437,700. Page 4
9. The Board approved a grant of \$92,000 to purchase bond insurance for West Bountiful City for a project to upgrade and expand its water system. Page 5

10. The Board approved a Dam Safety Construction grant of \$43,700 (95%) to Rocky Ford Irrigation Company for the repair of the spillway at Rocky Ford Dam. Page 5
11. The Board amended the contract with Enterprise Reservoir & Canal Company to provide an additional \$855,000 in Dam Safety Construction grant funds and additional \$45,000 in loan funds, to be returned at 0% interest over 21 years, with annual payments of \$2,500 for the first 17 years, and payments of approximately \$40,000 for the final four years. Page 6
12. The Board approved a Dam Safety Construction grant of \$304,000 (95%) to Weber Basin Water Conservancy District for repairs at Smith & Morehouse Dam. Page 6

THOSE PRESENT

The BOARD OF WATER RESOURCES met in regular session on Friday, August 15, 2008, in the Council Room of the Cedar City Office, 20 North Main Street, Cedar City, Utah. Chair Blair Francis presided over the 8:30 a.m. meeting.

BOARD MEMBERS PRESENT:

Blair Francis
Craig Johansen
Brad Hancock
Robert Bessey
Ivan Flint
Stew Paulick
Harold Shirley
Paul McPherson - absent

STAFF MEMBERS PRESENT:

Dennis Strong, Director
Eric Millis, Deputy Director
Todd Adams, Asst. Director
Randy Staker, Accountant
Val Anderson, Chief, Investigations
Tom Cox, Engineer
Marisa Egbert, Engineer
Dave Cole, Chief, Hydrology & Computer Applications
Eric Klotz, Chief, Water Conservation & Education
Barbara Allen, Secretary

OTHERS PRESENT:

Darin Bird, Department of Natural Resources
Carol Randall
Diane Cox

Grover Childs, Gunnison Fayette Canal Company
Garn Nelson, Gunnison Fayette Canal Company
Paul Wright, Franson Civil Engineers

LaMond Tullis, Horseshoe Irrigation Company

Robert Augenstein, Bell Canyon Irrigation Company

Ivan Ray, Davis & Weber Counties Canal Company
Scott Paxman, Weber Basin Water Conservancy District
Lee Cammack, JUB Engineers

OTHERS PRESENT CONT'D.

Louise Cooper, South Weber Irrigation Company
Cheryl Bambrough, South Weber Irrigation Company

Cheryl Searle, West Bountiful City
Cody Deeter, West Bountiful City

Minutes of the
Board of Water Resources Meeting
August 15, 2008

Chairman Francis welcomed everyone to the meeting.

APPROVAL OF THE MINUTES

Craig Johansen made a motion to approve the minutes of the June 6, 2008 meeting as prepared. Brad Hancock seconded the motion and the Board unanimously agreed.

FEASIBILITY REPORTS

#E-242 Gunnison Fayette Canal Company

Chair Francis welcomed Mr. Nelson, Mr. Childs, and Mr. Wright. Marisa Egbert reported the proposed project is located in the Town of Fayette, approximately six miles north of Gunnison in Sanpete County. The Gunnison Fayette Canal Company provides irrigation water for 2,120 acres of farmland through an earthen canal, with water diverted from the Sevier River about five miles south of Gunnison. The canal company is requesting financial assistance from the board to install about 3,200 feet of 36-inch pipe to replace part of the canal through the town. The canal has the potential to flood some homes and yards, and there is a safety issue. Piping the canal will eliminate these issues through this part of the project.

The canal company has received a Section 206 grant for \$207,000, or 58% of project costs, and the suggested cost share from the Board of Water Resources for the remaining cost is \$130,000, or 36%, with the sponsor providing \$23,000, or 6%, for a total cost of \$360,000. The repayment terms proposed are 0% interest over 10 years, with annual payments of approximately \$13,000.

Bob Bessey made a motion to participate in the project from the Revolving Construction Fund in the amount of \$130,000 at 0% interest over 10 years with annual payments of \$13,000. Harold Shirley seconded the motion and the board agreed unanimously.

#E-243 Horseshoe Irrigation Company

Chairman Francis recognized LaMond Tullis. Tom Cox reported that the Horseshoe Irrigation Company provides irrigation water to approximately 5,800 acres in and around Spring City in Sanpete County. From the mid-1970s to the mid-1980s, the company installed eight pressurized systems covering about 4,800 acres, with the board's help. There are still open ditches in the system, including two that lose significant water to seepage, and there are 17 diversions and flow measuring structures that are aging and are in need of repair. The sponsor is requesting financial assistance to replace about 3.2 miles of ditch with 12 to 15-inch PVC pipe and also repair or upgrade 17 diversions structures to incorporate automated measuring devices.

Both projects will eliminate over three miles of open ditch, saving 550 acre-feet of seepage water. Operation and maintenance time and cost will be reduced.

The cost is estimated to be \$780,000. It is proposed the board participate 43.7% of that cost up to \$340,850. If the board authorizes the project, it is suggested it be purchased at 0% interest coming from the Revolving Construction Fund, over approximately 15 years of payments at \$23,000. The company is also applying for a Bureau of Reclamation grant, which is part of the funding package.

Mr. Tullis said these were issues that had gone unattended for more than a quarter of a century that had to be addressed. Sanpete County is experiencing considerable population growth with the attendant pressures of distribution issues.

Bob Bessey made a motion that the board authorize the project, to be funded from the Revolving Construction in the amount of \$340,850 at 0% interest over 15 years with annual payments of \$23,000. Stew Paulick seconded, and the board agreed unanimously.

#E-245 Bell Canyon Irrigation Company

Chair Francis welcomed Bob Augenstein. Tom Cox reported the Bell Canyon Irrigation Company delivers water from North Creek to about 70 residences and 150 acres of horse pastures, nurseries, orchards, alfalfa fields, a cemetery, and a city park. Sandy City owns 59% of the company's shares and diverts its water directly to the Little Cottonwood Treatment Plant. North Dry Creek Irrigation Company, which serves the area north of the park, owns 9% of the shares and diverts its waters into its own distribution system. The remaining water is being diverted into Bell Canyon.

Historically, water has been delivered through unlined ditches losing up to 75% of the water in places, and because of loss of storage the sponsor cannot deliver adequate water after the high stream runoff. The irrigation company is proposing a three-phase project to capture seepage loss. Phase I included piping 5,300 feet of ditch and was paid for by Sandy City and a Bureau of Reclamation grant. Phase II included 10,500 feet of pipeline, which was paid for by the sponsor and another Bureau of Reclamation grant. Approximately 8,000 feet of main ditch remains to be piped in Phase II, and the company is requesting financial assistance to pipe approximately 8,000 feet of main ditch with 8-inch HDPE pipe and about 2,700 feet of lateral ditch with 6-inch HDPE pipe, construct a pressure reducing station, and install about 20 service connections. The project cost estimate is \$640,000, with the board providing 84.4% up to \$540,000. If authorized it is proposed it be purchased at 4% interest over approximately 10 years with payments of \$66,600.

Stew Paulick said he toured the project with Bob Augenstein and was very impressed with how well Phase I and Phase II had been done. He said it's an excellent project, and made a motion that the board authorize the project, from the Conservation and Development Fund, to be purchased at 4% interest over 10 years with an annual payment of \$66,600. Mr. Paulick added the stipulation that the requirement prohibiting watering between 10:00 a.m. and 6:00 p.m. be set

aside due to lack of storage capacity in the system, since it would result in wasting water. Bob Bessey seconded the motion, and the board agreed unanimously.

SPECIAL ITEMS

#E-123 Davis & Weber Counties Canal Company

Chair Francis welcomed Ivan Ray, Scott Paxman, and Lee Cammack. Tom Cox reported the Davis Weber Counties Canal Company project was authorized in the year 2000 and needed to be re-authorized as required by the board's guidelines. The sponsor provides irrigation water diverted from the Weber River at the mouth of Weber Canyon and delivered through a 26-mile long Davis Weber Canal to serve a large area. In September, 2000 the board authorized a \$25.5 million project to carry out the sponsor's long-term canal improvement plan, which has included five phases of construction thus far, costing nearly \$12 million. Basically all the canal lining work from Highway 89 on the east to Interstate 15 on the west has been completed. Facilities remaining to be built over the next 10 years or so include approximately 4,200 feet of reinforced concrete liner and about 3,800 feet of box culvert, replacing the headworks, improving wasteways, install the telemetry and monitoring instrumentation, and sealing joints in about 4,800 feet of canal liner installed in the 1990s. It also includes access road improvements.

Cost increases since authorization have come from inflation, more extensive work than originally anticipated, and the need for about 10,000 more feet of box culvert. The authorized cost sharing was \$25.5 million, now anticipated to be almost \$32.9 million. It is proposed that Water Resources provide 85% of the cost share up to a total of \$27,960,000. The board has committed \$10,112,000 to date on the project, and there's \$17,848,000 remaining, if the board participates at the 85% level. The cost of the remaining work is about \$21 million. It is proposed the board provide 85% of that up to \$17,848,000. The sponsor is ready to go ahead with Phase VI, at an estimated cost of \$3,765,000. It is proposed that the board provide 85% of that, up to \$3.2 million. The board authorized terms of 3.6% interest and that was based on the municipal and agricultural split that the sponsor serves, and that would be over 30 years with payments to be determined at committal of funds for each phase. If the board re-authorizes the project, it is suggested that they provide an additional \$6.26 million for a total authorized amount for all the project of \$27,960,000. It is proposed each remaining phase be purchased at 2.6% interest based on the board's new target interest rate over 30 years with annual payments to be determined at each phase of the project. If the board commits funds to Phase VI, it is suggested the \$3.2 million be returned in 30 years at 2.6% interest with annual payments of approximately \$155,000.

Scott Paxman said the company has gotten a lot of support from the board; the board has been very pro-active in making sure the canal is being constructed in top shape. The canal is really the life blood of Davis and Weber counties, so they feel they have a big responsibility to get the canal back in good shape and operation.

Ivan Flint made a motion that the board re-authorize the project, and provide an additional \$6,260,000 for a total authorized amount of \$27,960,000 and that these remaining phases be purchased at 2.6% interest based on the board's new guideline rates of 2% for

agriculture and 4% for M&I over 30 years, with annual payments to be determined at the time funds are committed. Stew Paulick seconded the motion. The board agreed unanimously.

Ivan Flint then made a motion to approve the committal of \$3,200,000 for Phase VI of the project, out of the Conservation and Development Fund, which will be returned to the board in 30 years at 2.6% interest with annual payments of approximately \$155,000. Bob Bessey seconded, and the board agreed unanimously.

#E-208 South Weber Irrigation Company

Ivan Flint introduced Louise Cooper. Marisa Egbert reported the proposed project is located within the limits of South Weber City in Davis County. The board originally committed funds to the project for the sponsor to upgrade its irrigation system through the service area by installing pressurized pipe to replace an existing unlined canal. At the beginning of this project it was estimated 400 existing and proposed residences would connect to the system. Due to a slowdown in construction the anticipated growth has not occurred, and South Weber City has not enforced an ordinance requiring existing residences to connect to the sponsor's pressurized irrigation system, as was expected by the sponsor. The irrigation company planned to use the income from the connections fees for its cost share of the project. However, to date of the 400 expected connection fees, only 70 residences have connected to the system; of those only 56 have paid the full connection fee. The sponsor is requesting the board's cost share be increased to assist the company in paying its current expenses.

The contracted amount from the Board of Water Resources is \$1.216 million, or 70%, with the company's share \$214,000, or 13%. It is proposed the Board of Water Resources increase its cost share \$71,000 to \$1.287 million, or 75%, and the company's cost share be reduced to \$143,000, or 8%. Current loan terms for the sponsor are 2.5% interest over 28 years with annual payments ranging from \$32,000 to \$115,000 annually, which reflects a 5% annual increase each year. The proposed loan terms, if the board commits the additional \$71,000, is for 2.5% interest over 28 years, with annual payments ranging from \$33,400 to \$124,000, which reflects a 5% annual increase.

Louise Cooper was optimistic about the company's ability to secure the needed connections and fulfill its obligation to the board if given a little more time.

Ivan Flint made a motion to provide an additional \$71,000, and the company return the \$1,287,000 at 2.5% interest over 28 years with payments starting at approximately \$33,400 and increasing 5% per year to a final payment of about \$124,000. Craig Johansen seconded the motion, and the board agreed unanimously.

#E-215 Davis & Weber Counties Canal Company

Tom Cox reported the board authorized a project to provide secondary irrigation water to several Davis County communities. Four phases have been built over the years to serve parts of Kaysville, Layton, West Point, and Clinton. The board reauthorized the project's final two phases, Phase V and Phase VI, which both entail a regulation pond, pumping station, and some

pipeline, and committed funds to Phase V, which included those three things, with 3,000 feet of pipeline. Due to a slow housing development, Rocky Mountain Power has delayed service to the area of the pump station, and has put the cost of installing the power to that pump station on the sponsor. The company decided to delay construction one year, but during the year it chose to upsize about 2,200 feet of pipeline along 1300 North in anticipation of the pump station being built. That work was intended for Phase VI but the company is requesting the work be included under Phase V's funding package.

The increased costs of the project due to inflation, design changes, the inclusion of running power to the pump station, and the pipe installation on 1300 North has raised the amount needed for Phase V. It is proposed Water Resources provide 85% of the new total of \$4,175,000 up to \$3,550,000. The current agreement requires Phase V be purchased at 5% interest over 10 years with payments of approximately \$349,700. If the board commits additional funds, it is recommended the agreement be amended to provide an additional \$850,000 and to state the sponsor will return the \$3.55 million at 4% interest over 10 years with payments of approximately \$437,700. Also, it is proposed that the principal payments begin December 1, 2009.

Ivan Flint made a motion that the agreement be amended to provide an additional \$850,000 and to state the sponsor will return the \$3,550,000 at 4% interest over 10 years with annual payments of approximately \$437,700, with payments beginning on December 1, 2009. Brad Hancock seconded the motion, and the board agreed unanimously.

#L-561 West Bountiful City

Chair Francis introduced Cheryl Searle and Cody Deeter with West Bountiful City. Marisa Egbert reported the proposed project is located in West Bountiful City in Davis County. The city is growing and has an aging infrastructure that needs extensive repairs. The project includes the replacement of 7,460 feet of pipe along roads in West Bountiful City, as well as the installation of 3,360 feet of pipe for a newly annexed area. The estimated cost of the project is approximately \$4,700,000. The sponsor will bond on the public market and is requesting the board provide a grant of about \$92,000 to purchase bond insurance and reserve surety. This will reduce the effective interest rate to 4.57% and save the city approximately \$698,000 in interest payments over the bond's repayment period.

Ivan Flint made a motion for the board to provide a grant of \$92,000 to West Bountiful City to purchase bond insurance. Harold Shirley seconded, and the board agreed unanimously.

DAM SAFETY CONSTRUCTION FUNDING

#C-010 Rocky Ford Irrigation Company

Val Anderson reported that Rocky Ford Irrigation Company had received funds for the upgrade of Rocky Ford Dam, but at the time did not receive any money to repair the spillway because problems with it were deemed to be operation and maintenance expenses. Since that time it has been determined the spillway was built on erodible materials instead of bedrock,

which does qualify for dam safety grant funds, so the company has requested additional funds to make repairs to the spillway. The cost for the work is \$46,000. Staff recommended the board provide an additional \$43,700, or 95%. No additional loan funds are needed.

Harold Shirley made a motion to provide an additional \$46,000 to the Rocky Ford Irrigation Company in the form of a Dam Safety grant. Bob Bessey seconded the motion, and the board agreed unanimously.

#C-036 Enterprise Reservoir & Canal Company

Val Anderson said the Enterprise dam has had major problems associated with construction that will increase costs by about \$900,000. The problems require additional work on the outlet tunnel, pumping water from the reservoir, and additional engineering. The board committed \$3,040,000 in grant funds and \$160,000 as a loan, for a total of \$3,200,000. The sponsor is requesting an additional 95% grant amount of \$855,000 and \$45,000 in additional loan money, for a total of \$4,100,000. The sponsor's current loan agreement with the board states the \$160,000 will be returned at 0% interest over 20 years with annual payments of \$2,500 for the first 17 years, then payments of \$40,000 for the last three years. If the board commits the \$45,000 in additional loan funds, staff recommends the loan agreement be amended to state the \$205,000 be returned at 0% interest over 21 years, with annual payments of \$2,500 for the first 17 years, and then payments of approximately \$40,000 for the final four years.

Harold Shirley made a motion to give an additional \$855,000 to the Enterprise Reservoir and Canal Company as a dam safety grant and an additional \$45,000 as a loan, to be returned at 0% interest over 21 years, with annual payments of \$2,500 for the first 17 years, and then payments of approximately \$40,000 for the final four years. Brad Hancock seconded the motion and the board agreed unanimously.

#C-038 Weber Basin Water Conservancy District

Val Anderson reported a sinkhole was discovered in the left abutment at Smith and Morehouse Dam, located approximately 14 miles east of Oakley in Summit County. This indicates piping through the abutment is occurring. To correct the problem the riprap needs to be removed, a filter and clay blanket placed over the area, and then the riprap replaced on the top of the repair area. The estimated cost of the upgrade, including engineering, is \$380,000. The sponsor is requesting financial assistance from the board to upgrade the dam to meet dam safety standards. The proposed cost sharing is an 80% dam safety grant for \$304,000, and the sponsor will pay 20%, or \$76,000.

Ivan Flint made a motion to approve a dam safety grant of \$304,000 to the Weber Basin Water Conservancy District from the Dam Safety Construction Fund. Harold Shirley seconded the motion and the board agreed unanimously.

DIRECTOR'S REPORT

Director Strong said staff discussed with the Board in the past that the Provo River Water Users Association Murdock Canal lining continues to move forward. Our latest information is the Association would like to fund all of the project and would like to assume the amount authorized by the Board for the Central Utah Water Conservancy District. Staff feels the best way to fund its authorized share (\$120 million) of the project is with an interest-rate buydown. The Association has the ability to sell bonds on the private market and to the Board of Water Resources.

We believe an interest-buydown would be in the range of about \$35-40 million from the Board. In order to have money for the project we would like the Board to allow us to investigate recapitalizing a portion of the Board's funds. Recapitalization simply means borrowing money and using some of the current loan repayments to pay the money back. We have done this before. The Board has authorization in its statute to do this. It does require us to coordinate with the State Treasurer. Unless the Board objects we will make contact with the State Treasurer to investigate options and report back to the Board in October.

NEXT MEETING

The next meeting of the Board of Water Resources will be held October 2, 2008 at 1:00 p.m. in Salt Lake City, Utah.

Meeting adjourned at 10:30 a.m.

